

BUSINESS WEEK

JAN. 25, 1947

WEEK
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RALPH
ELIGAN

International Harvester's Fowler McCormick: He seeks better production methods to fight rising costs (page 8).

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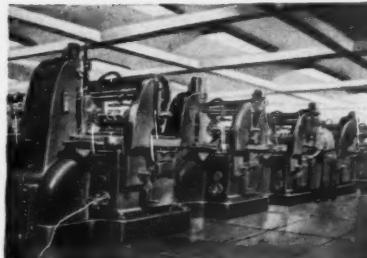
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BUSINESS WEEK



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WASHINGTON OUTLOOK

1
SERVICE

BIPARTISAN FOREIGN POLICY on economic and trade issues is not in prospect.

All this month Administration and Republican leaders have been trying to beat out a common ground of agreement. They have failed.

Basic economic problem of our foreign policy is: How shall the individual businessman or corporation capitalist America do business with a world in which governments are assuming increasing control over the flow of trade?

Our government's answer is to restrict intervention by governments. It hopes to restore foreign trade to a businessman-to-businessman level.

Specifically, our fight is to eliminate the powerful and direct technique of controlling trade through quota systems. This method was universally adopted during the war. And businessmen learned how government quotas lead to ever deeper channeling of domestic business.

The U. S. wants control by tariffs. A tariff may limit trade, but it does act through the regular mechanics of trade, not through daily government manipulation.

Quotas are the issue at the conferences working on International Trade Organization. Except for Canada, the other countries want them.

U. S. negotiators—with American buying power and American loans as their weapons—think they won a victory at the London conference. With Russia holding aloof, the nations agreed to abandon quotas except in specified situations.

On this quota issue, Republicans and the Administration are in agreement. No one here supports quotas in principle. But there's always somebody who wants quotas on particular items—sugar, for instance.

IT'S ON THE HEIGHT OF TARIFFS that a partisan split develops.

By and large, the Republicans hold to their historic protectionist views. They are determined to put some limits on the State Dept.'s discretion to cut rates in reciprocal trade negotiations.

Free traders like Under Secretary of State Clayton are refusing any compromise with the Republican position. To them high tariffs are a long step toward quotas. They are sure that we must open our markets or other nations will resort at once to quota systems; and that, in self defense, we'll have to go the same road.

The Republicans would like to attach to the Hull Reciprocal Trade Act a requirement that Congress approve each tariff-cut deal. Failing that, they'd like to give Congress a veto over individual agreements.

But they have no hope of directly amending the act before it runs out in June next year. They can't muster the two-thirds to override a Truman veto.

This year, while the postwar reciprocal trade agreements and the ITO are being worked out, the Republicans will have to content themselves with nipping at Clayton's heels. They will conduct a running investigation of the whole reciprocal trade program.

Thus they will force considerable State Dept. manpower to camp on Capitol Hill; this alone could slow down the trade negotiations. And the investigation will put a psychological pressure on State Dept. people to go lighter on tariff concessions.

The parade of congressional disapproval is sure to have its effect abroad. The foreigners may take it as fair warning that the whole reciprocal tariff program will fall in a heap, come 1948.

INVESTIGATION BENT, House Republicans have caught the Democrats flatfooted.

G.O.P. strategists carefully concealed their plan to use the Committee on Executive Expenditures as principal inquisitor. They delayed naming their members until the minority group had been appointed.

This committee has always been a graveyard for congressmen; so the Democrats dropped in three inactive holdovers and six freshmen. Thereupon the G.O.P. named a strong group, including Wadsworth of New York, Harness of Indiana, Brown of Ohio, and Rich of Pennsylvania. Clare Hoffman, vocal Michigander, is chairman.

Rep. Manasco, ranking Democrat, suspected Republican guile; he had not forgotten that special investigating committees had been dropped from the newly streamlined House organization. But he pleaded in vain with leaders to give him good lawyers and experienced members to parry embarrassing thrusts.

Hoffman's committee has already started poking into the Rural Electrification Administration and governmental propaganda machines.

The committee also will rake over Democratic management of the Maritime Commission, War Assets Administration, NLRB, RFC, and FCC.

A MAJOR AIRLINE BANKRUPTCY looms as a pos-

WASHINGTON OUTLOOK

(Continued)

sibility for which the Civil Aeronautics Board is unprepared.

Airlines have got in trouble before but air transport has long attracted speculative money; a shaky line could always find somebody solvent who was ready to take it over.

Now, after a year of tremendous expansion, many a line is in a strained position not calculated to appeal to new buyers (BW—Jan. 11 '47, p64).

*
CAB officials mull over the policy they ought to adopt if some company goes into voluntary or involuntary bankruptcy—or even if one appears to be on the verge. Officials have been brought up short by their own conclusion that they couldn't let a bankrupt line go on flying.

*
CAB is asking Congress for tighter control over airline financing. It wants authority to pass upon security issues.

*
It wants to stop the airlines from loading themselves up with bonded debt in a period of expansion. It wants them to get the new money they need by equity financing.

*
CAB will probably grant temporary increases in government mail pay to the lines in the worst trouble. Half-a-dozen lines have already asked for increases, and more will be coming in.

*
Passenger-fare increases are a remote possibility. Most of the industry regrets the 1945 cut precipitated by American Airlines. One line, National, has already filed. But general inclination is to wait until next summer, when much new equipment will be in service.

*
Hope is that new planes' operating economy and extra fares to be charged on some high-speed ships will make it possible to get by on present rates.

*
THE ONCE MIGHTY RFC, oldest of the emergency agencies, is getting ready to go into standby. After 15 years of depression and war, it's slated to be stripped back to a few simple jobs, such as:

Loans to small business.

Purchase of veterans' mortgages.

Bailing out an occasional big firm that gets into trouble.

*
Technically, RFC runs out of law next June. But it will get a new charter. Republicans are as anxious as anybody to keep alive a corporate type of organization whose flexibility is handy in rough times. Anyway, it was their baby to start with.

*
Congress is preparing to unravel the whole tangle

of government corporations. Truman concurs. The General Accounting Office, old foe of the corporations, has just got through cleaning up their fiscal practices. Zealous T. Coleman Andrews of GAO is now busy on a study intended to fix limits on their place in the setup of government.

The outcome will be generally to confine the job of the corporations to revenue-producing programs (1) which are, at least potentially, self-sustaining and (2) which call for a lot of business-type dealings with the public. Functions which don't fit this pattern will be wiped out or transferred to the more strictly budgeted regular agencies.

Neither Truman's recommendations for reform nor the hasty pushing forward of Republican Director Henry T. Bodman as RFC spokesman will stop Republicans from airing the freehand practices of Roosevelt days.

BUSINESSMAN'S VIEW of Washington:

The Federal Trade Commission is going to start publishing industrial **profit and cost figures** again; it will cover twice as many companies as prewar. SEC will co-operate. OPA collected the data during the war but didn't publish it. . . .

The Committee for Economic Development will be out in a few weeks with a report on labor, recommending legislation no more drastic than Truman's proposals. . . .

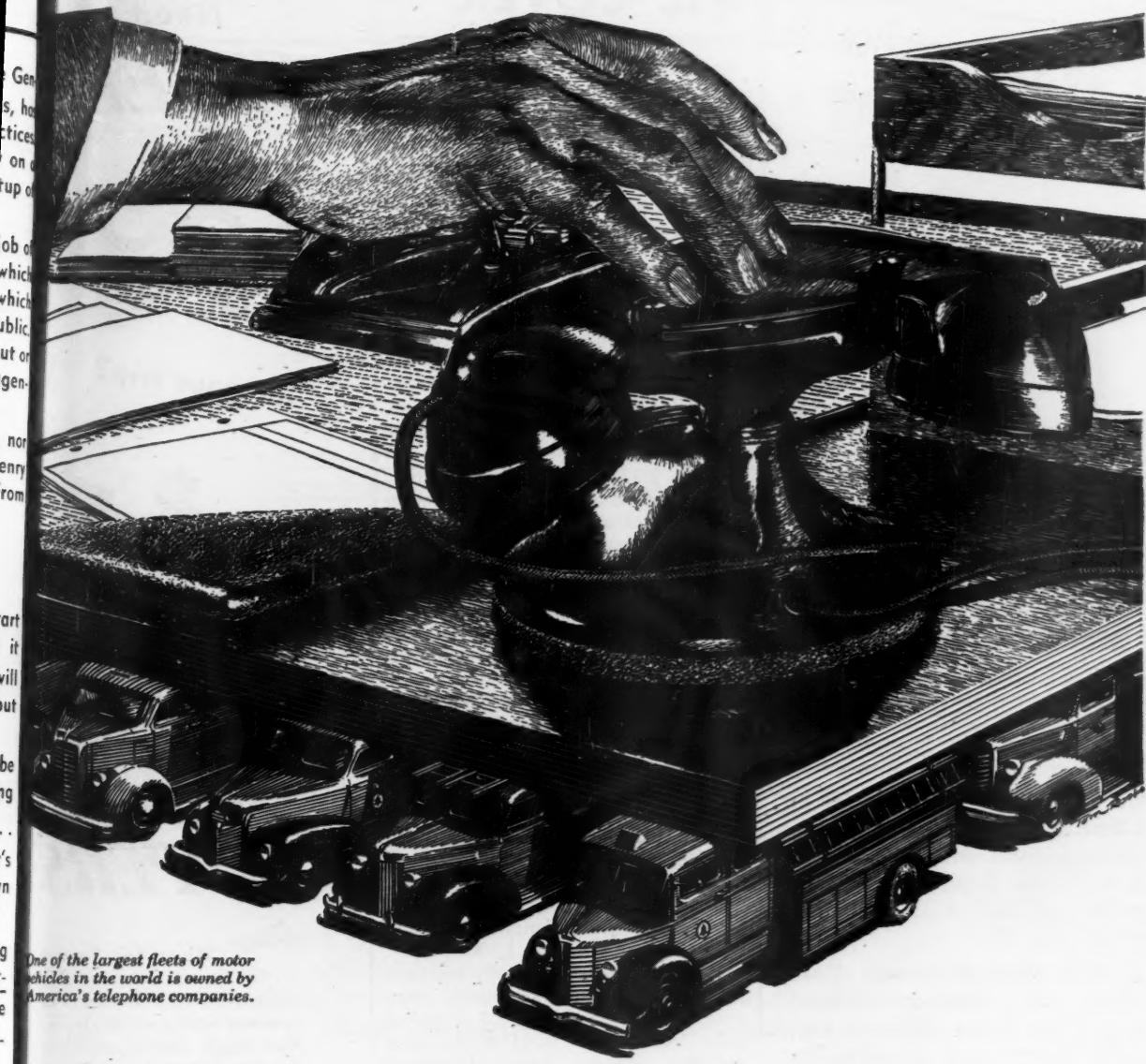
Reintroduced by Rep. Cellar of New York, last year's Wagner-Ellender-Taft **housing bill** is becoming known as the Wet-Celler bill. . . .

Both railroads and intercoastal ship lines are being coy about suggestions for a postwar rate level on **east-west hauls** (BW—Nov. 30 '46, p22). Each wants the other to make the first proposal to the Interstate Commerce Commission. . . .

Coal and rail interests are making a noisy but probably fruitless appeal to Congress to block WAA's Feb. 10 offering of the **Big and Little Inch Pipelines** to the highest bidder, gas or oil. Gas industry men are surprised to hear that Tennessee Gas & Transmission will submit a bid under some name or other; it is now operating the lines temporarily (BW—Dec. 14 '46, p21). . . .

A civilian agency to organize **defense of industry against bombardment** will be recommended shortly by an Army committee of high brass. The Underground Site Board will bring out a discouraging report on use of natural caves; there aren't enough big ones near transportation. . . .

Broadcasters are getting ready to push for the right to air their own editorial opinions which are now banned by the Federal Communications Commission's 1941 Mayflower decision.



One of the largest fleets of motor vehicles in the world is owned by America's telephone companies.

Your telephone call rides on gasoline

YOU'RE used to thinking of a telephone call as a matter of wires and cables and switchboards. But did you ever consider how many cars, trucks, and trailers go into each call? Day and night, in all kinds of weather, gasoline motor vehicles are helping to maintain telephone lines, carrying repair crews, hauling telephone poles and other equipment.

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Improvements in gasoline during the past twenty years have been frequent. As refiners developed new refining processes and made greater use of Ethyl brand antiknock compound, the octane rating of gasoline has steadily climbed. Better gasoline, in turn, has made possible better engines—more efficient and economical gasoline transportation.

This trend to improved fuels and better engines has by no means reached its end. As current "reconversion"

difficulties are overcome, petroleum refiners look forward to gasoline better than anything ever marketed in the past. Automotive engineers look forward to producing engines to utilize the future gasoline. And we of Ethyl are already cooperating with both the automotive and petroleum industries in solving the technical problems of advanced gasoline power. Ethyl Corporation, Chrysler Building, New York 17, N. Y.

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THE COVER

Forty-eight-year-old Fowler McCormick's six years as executive head of International Harvester Co. have been characterized by an emphasis upon improving the corporation's techniques of management. Harvester's new Manufacturing & Research Center (page 18) is a logical consequence of that emphasis.

This grandson of Founder Cyrus Hall McCormick and of John D. Rockefeller had an unusually well-rounded training in all of the company's major activities before he moved into the corner office. He is, therefore, unharassed by the temptation common among top executives to bear down particularly upon whichever functions were their earlier specialties.

After graduation from Princeton, young McCormick spent several years abroad. He took a job in 1925 with the family company as a foundry student at Milwaukee Works. When he knew the rudiments of production, he moved on to learn accounting, engineering, and sales.

After four years he began with floor sales work at the Omaha branch and progressed to blockman in charge of a bevy of dealers. In 1930 he opened a new branch house at Grand Island, Neb.; a year later became district manager of the whopping stretch from Minnesota and Iowa to the Pacific Coast. He traveled this territory extensively, got on first-name terms with the branch managers.

In 1933 he moved into Chicago headquarters as assistant domestic sales manager. His boss was John L. McCaffrey. The pair teamed up promptly and have been commercially inseparable ever since. McCaffrey is company president today, at the right hand of the chief executive officer, Board Chairman McCormick.

After a term as vice-president in charge of foreign sales, and another as head of manufacturing, McCormick became president in 1941. While in this office he shifted the company to war production and simultaneously tested out and installed (in 1944) a company-wide form of organization brand-new to I. H. C. It substituted divisions based on major production lines for the old functional departments.

If Fowler McCormick continues his emphasis upon better management techniques throughout the company, there should be in store further and equally unconventional developments.

The Pictures—European—15; Harris & Ewing—16; Acme—19, 59, 78, 82, 84, 86, 97; Press Assn.—21, 22; Blank & Stoller—74; Underwood & Underwood—77; McGraw-Hill Studio—100; NFB—101.

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USINESS OUTLOOK

BUSINESS WEEK

JANUARY 25, 1947



Prices are beginning to foretell 1947 business patterns (page 15).

Food has had the only major comedown so far. But in those trades that order as far ahead as the third quarter, everybody is demanding lower prices. This is notably true in textiles.

Cheaper food will leave consumers more to spend on other things.

That, however, is not an unmixed blessing. The drop in farm-and-food prices will affect those making a living in these fields. Farm income alone might shrink as much as \$3 billion from the 1946 peak.

Thus it is doubtful that the price adjustment can be accomplished without some effect on over-all business conditions.

*
Smart merchandisers can make money in a declining market as well as in one that is going up. They are busy right now re-educating buyers who have forgotten that prices ever go any direction but up.

If everybody could gear inventory and orders to prices, then we theoretically might go right ahead without any drop in unit volume.

However, experience shows that some always make mistakes. This tends to cut profits and, eventually, employment. Even a minor reduction in consumer incomes fans out in lower sales for other industries.

*
Newcomers on the merchandising scene will find the next few months particularly trying. Unfortunately, many probably will fail.

We had some 3,400,000 business firms before Pearl Harbor. The figure dipped to a low of 2,840,000 at the end of 1943. Now it is up to a record 3,500,000, the Dept. of Commerce estimates.

Some of the new enterprisers lack experience. Many have little capital. A few may not even be sure that they want to be in business.

Failures still are few, but they are rising. Dun & Bradstreet's latest weekly report lists 51, the highest since the summer of 1943.

And failures tend to compound the price problem. Even though firms going under are small, they have inventories that must be liquidated.

Distress merchandise necessarily accelerates price declines.

*
Wholesale markets indicate some further markdowns in food at retail in the very near future.

Trends usually appear first at wholesale, and this is no exception. The New York Journal of Commerce's wholesale food price index is down 16% from the 1946 high—quite a little more than the retail dip to date.

Of course, no index covers all food items. If this index were broader and weighted for volume, it probably would show less than a 16% decline for the housewife's market basket. Yet it is indicative.

*
Firmest sector of the food market so far has been processed items.

Despite a huge pack of both fruits and vegetables for the 1946-7 season, only a very few items such as citrus juices have weakened.

Canners quickly moved most of their packs. This enabled them to pay off the bank loans that so characterize this seasonal business.

If wholesale warehouses are bulging it hasn't shown up in prices.

*
Record crops in 1946 will be primarily responsible if there should be a

BUSINESS OUTLOOK (Continued)

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break in prices of processed foods. Including a modest carryover stock from the 1945-1946 period the pack for 1946-1947 came to 570,000,000 cases of fruits and vegetables. Actual output was 515,000,000 cases, 80% higher than the 1936-1940 average.

Military takings are small this season. Civilians have 550,000,000 cases of total supply earmarked for them.

General expectations have been that processors' shipments would be about 470,000,000 cases, leaving 80,000,000 in stock. There is nothing much disturbing in this picture if retail volume holds.

Fruit and vegetable canners are showing great caution as they approach the time when they must sign contracts with farmers for 1947 crops.

Their costs are still high. They aren't sure what the price structure will be by next fall. And they may run into another huge crop.

Worrisome figures are increases above the ten-year average in 1946 such as 69% for canned peas, 42% for snap beans, and 29% for tomatoes. The sweet corn pack was second only to the 1942 record.

Among fruits, the total pack was about half again that of 1945.

The trade wonders about prices if 1947 crops should be so large.

Weather so far in the new crop season has been just about as favorable as anyone has ever seen.

That's a major factor in predictions of a record winter wheat crop. Up until the last few days, when there was alternate thawing and freezing, there had been nothing but the best of news about this grain.

However, we don't harvest many major crops in January aside from citrus.

Spring drought could dim the winter wheat prospect. Summer drought and insects could hurt other crops. Late spring frosts could nip fruits.

Thus it is early to place many bets on 1947 crops.

Both weather and prices, between now and planting time, will have a lot to do with the acreage that goes into cotton.

Planters aren't any too happy about the drop from 39¢ to 30¢ a lb. Yet 30¢ is a fancy price on any historical basis.

Thus acreage should be fairly well above the 18,200,000 for 1946, unless prices break again before seeding time.

Larger acreage is needed to rectify the present relatively tight market, brought about by two successive years of very small crops.

Home consumption in the first five months of the cotton year was at the rate of 10,200,000 bales a year; exports are running 3,500,000. That would leave 2,000,000 bales on hand at the end of the season—a very scant backlog which certainly would be mostly low in grade.

Tired of having Argentina keep us over a barrel on linseed oil, the Dept. of Agriculture is offering farmers \$6 a bu. for 1947 flaxseed.

The goal is 5,000,000 planted acres. With normal yields, this would mean a \$300,000,000 crop, mostly in Minnesota and North Dakota.

Many farmers don't like flax. But, with the chance of making about \$60 on an acre of flax against less than half that much on the same acre in spring wheat, there shouldn't be much doubt which they plant.

FIGURES OF THE WEEK

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
THE INDEX (see chart below)	*190.1	†190.2	188.3	169.8	162.2

PRODUCTION

Steel ingot operations (% of capacity)	91.8	91.2	72.8	5.1	97.3
Production of automobiles and trucks	77,034	164,828	96,754	28,465	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$14,629	\$14,139	\$16,039	\$12,090	\$19,433
Electric power output (million kilowatt-hours)	4,857	4,853	4,940	4,145	3,130
Crude oil (daily average, 1,000 bbls.)	4,624	4,531	4,708	4,606	3,842
Bituminous coal (daily average, 1,000 tons)	2,283	2,225	2,203	1,933	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	79	†81	81	79	86
All other carloadings (daily average, 1,000 cars)	59	57	57	50	52
Money in circulation (Wednesday series, millions)	\$28,518	\$28,748	\$29,019	\$28,119	\$9,613
Department store sales (change from same week of preceding year)	+24%	†+38%	+20%	+13%	+17%
Business failures (Dun & Bradstreet, number)	51	37	27	20	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100)	373.0	375.2	376.7	265.2	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	263.3	264.9	264.7	169.8	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	304.2	308.3	309.9	234.5	146.6
Finished steel composite (Steel, ton)	\$69.36	†\$69.14	\$64.91	\$58.27	\$56.73
Scrap steel composite (Iron Age, ton)	\$31.00	\$31.00	\$31.17	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	19.500¢	19.500¢	19.500¢	12.000¢	12.022¢
Wheat (Kansas City, bu.)	\$2.10	\$2.09	\$2.11	\$1.69	\$0.99
Sugar (raw, delivered New York, lb.)	5.57¢	5.57¢	5.57¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.)	30.85¢	32.24¢	33.10¢	24.71¢	13.94¢
Wool tops (New York, lb.)	\$1.528	\$1.563	\$1.680	\$1.330	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	119.3	119.3	122.7	143.5	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.13%	3.14%	3.17%	3.01%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.56%	2.57%	2.61%	2.53%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	14-11%	14-11%	14-11%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	1%	1%	1%	1%	1-1/8%

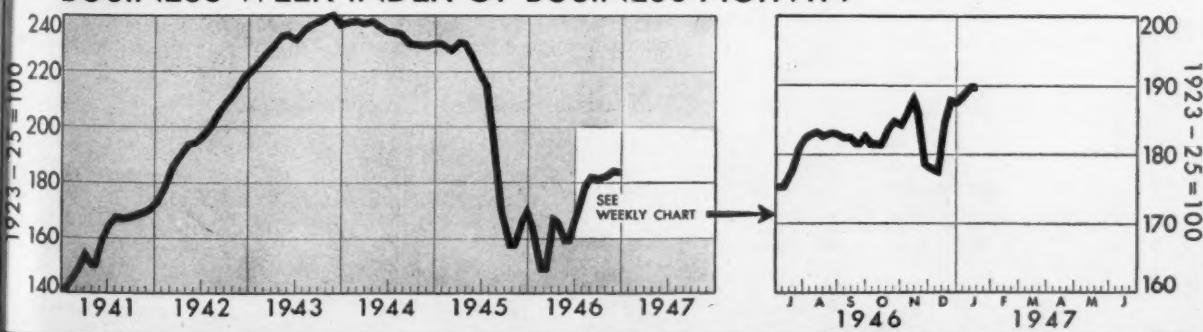
RANKING (Millions of dollars)

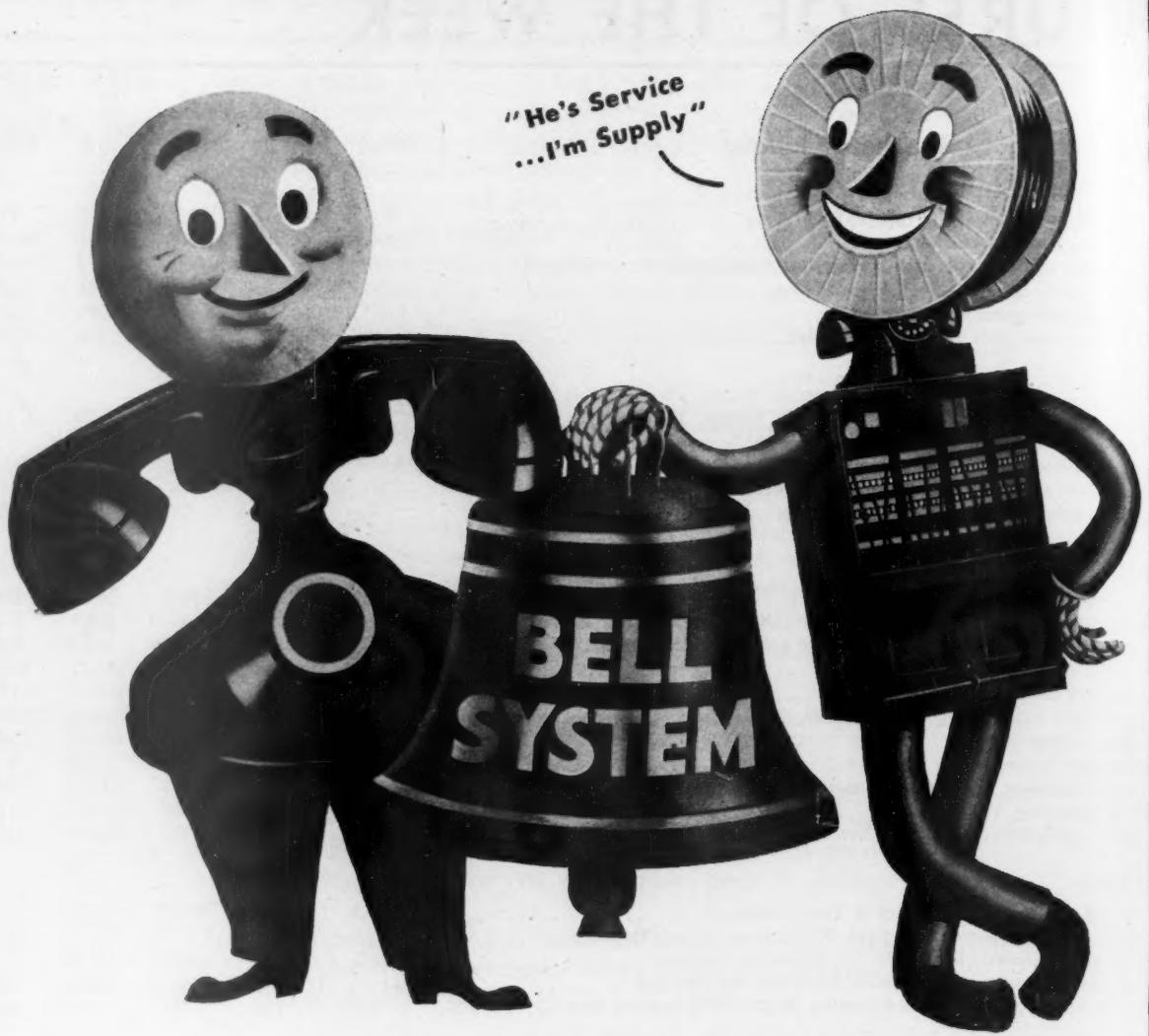
Demand deposits adjusted, reporting member banks	40,100	39,844	41,010	37,728	23,876
Total loans and investments, reporting member banks	56,073	55,601	56,865	68,220	28,191
Commercial and agricultural loans, reporting member banks	10,329	†10,226	10,351	7,296	6,296
Securities loans, reporting member banks	2,101	†2,206	2,509	5,075	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks	36,231	35,802	36,559	49,629	14,085
Other securities held, reporting member banks	3,390	3,387	3,412	3,367	3,710
Excess reserves, all member banks (Wednesday series)	840	830	750	1,423	5,290
Total federal reserve credit outstanding (Wednesday series)	24,105	24,375	24,328	24,072	2,265

Preliminary, week ended January 18th. † Revised ‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





"Teamed-up for you since '82"

"WE'RE symbols of a unique industrial team that has been working for you for 65 years. With our research teammate — Bell Telephone Laboratories — we've helped to give you the world's best telephone service at the lowest possible cost.

"My part of the job is to supply high quality products that meet exacting standards.

"I manufacture telephone equipment... purchase all manner of supplies for Bell Telephone Companies... distribute equipment and supplies to them from stocks maintained at my factories and my 29 warehouses... install central office equipment.

"Right now, I'm providing more telephone equipment and supplies than ever before. Using all my knowledge and skill, gained through years of experience, I'm going at top speed to catch up with the greatest demand on record.

"Remember my name... it's Western Electric."

MANUFACTURER...

of 43,000 varieties
of telephone
apparatus.



PURCHASER...

of supplies of all
kinds for telephone
companies.



DISTRIBUTOR...

of telephone
apparatus and
supplies.



INSTALLER...

of telephone
central office
equipment.



Western Electric

A UNIT OF THE BELL SYSTEM SINCE 1882

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BUSINESS WEEK

NUMBER 908

JANUARY 25, 1947

Storm Signals Still Flying

Touchy year-end period fails to set off widespread readjustment in prices, incomes, and production. But shakedown is likely during 1947; we are approaching the turning point.

Since the start of the year, businessmen have kept their eyes glued anxiously on price and sales statistics. This week they drew a cautious breath of relief and relaxed a trifle.

• **Retail Sales Strong**—The end of Christmas buying did not break the back of the country's feverish prosperity. Retail sales have been going strong since the holidays. Prices, with a few notable exceptions, have stayed as high as ever. Production in most lines has hit the highest levels since the end of the war.

Apparently, the country has got

safely through the touchy year-end period, and without setting off the much-advertised readjustment in prices, incomes, and production.

The storm signals are still flying, though. On the basis of January figures, economists are more convinced than ever that 1947 will end the postwar inflation. They believe that this year will shake business down to fairly stable operating levels.

• **Index Likely to Decline**—For one thing, retail sales are not running much over a year ago in terms of physical volume. The Federal Reserve index of de-

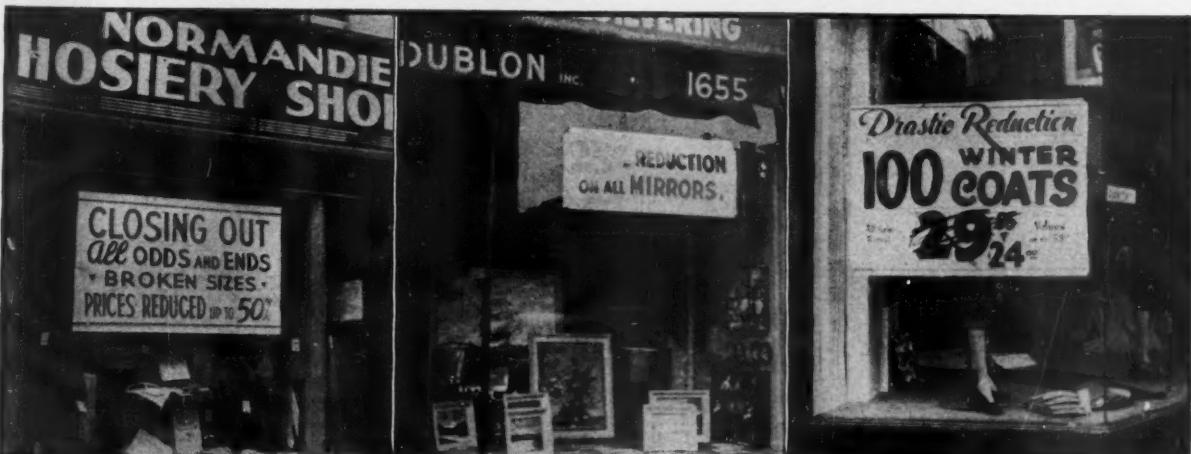
partment store sales for the week ended Jan. 11 shows a gain of only 24% over last year. Price increases account for about 20 points of the jump. Hence, experts conclude that the actual flow of goods over retail counters isn't substantially bigger than in January, 1946.

Most retailers would be delighted if they could be sure of keeping unit sales up to the 1946 record level. But if they hope to increase—or even maintain—physical volume, they will have to do it at lower prices. Thus, the Federal Reserve sales index, based on dollar volume, can hardly do better than hold even. It probably will decline.

• **Weakness Spreads Slowly**—Probably more significant than the retail sales figures is the gradual erosion of prices that began before the turn of the year. Luxury lines—furs, silk goods, costume jewelry, and the like—already have taken a bad beating pricewise (BW—Dec. 28 '46, p17). Among the staples, agricul-



In Gotham, touchstone of national retailing, bargain signs go up on East Side, West Side as merchants, aware of what new styles and materials can do to present inventories, indulge in postwar housecleaning. For food retailers, however, it's more a matter of readjustment to lower price levels than clearing out the old for the new.



tural prices have been slipping down since last fall. The weakness now is spreading slowly into other lines.

It is easy to exaggerate the importance of the price cuts that have occurred so far. The postwar inflation isn't finished yet. And all the loose talk about the good old law of supply and demand doesn't alter one fact. That is that most prices still stand at or near the highest levels they have hit. Many are rising and will keep on rising.

• **Turning Point?**—The important thing about recent price reductions is that they mark the approach of the turning point. In any general price movement, some prices go faster than others. Some will be on the way down well before the majority have climbed up to the peak. The fact that some prices now are falling doesn't mean that inflation is over. It does mean that the item-by-item readjustment process finally has begun.

As things stand now, the biggest drops have occurred in foods. The Bureau of Labor Statistics Index wholesale shows that food prices have skidded substantially. They have dropped from a top of about 175 in October to something like 158 now. Farm products in general hit their top of 172 in November. Now they have dropped to 166.

Quotations on futures contracts on the various commodity exchanges show that traders expect the downward trend to continue. New crop wheat futures, for instance, are selling 40¢ under the price on January wheat. In times of stable prices, futures sell somewhat above the spot price. They reflect the extra costs and risks of storage.

• **Steady or Rising?**—Outside the agricultural markets, however, there isn't much wobbling. Textiles—which probably are due to break before long—still stand at 133. This is only a fraction under the top. Ford's dramatic price cut last week (BW-Jan.18'47,p32) did not bring immediate reductions elsewhere in the auto industry. Metals are still going up. The nonferrous markets are getting tighter all the time (page 103). Steel is even bootlegging at considerable premiums over the quoted prices (BW-Jan.18'47,p21).

The consumer so far has had to be content with a drop in his food costs and some rosy promises for the future. Butter is down more than 30¢ below its peak. Citrus juices have tumbled. But the drop in hide prices hasn't filtered down to leather goods and shoes yet. And outside the luxury lines, there haven't been any big markdowns in either hard or soft consumer goods.

• **Living Costs Up Anyway**—The BLS cost of living index for Dec. 15 showed a rise of 1% over the preceding month. This in spite of the fact that food prices were down about 1%. Goods and services other than food and rent scored a 3½% rise.

Auto Reaction

Many G.M. price boosts follow Ford cut, but Chevrolet makes no changes. Industry watches effect on unions.

The first concrete reaction by a competitor to Ford's price cut (BW-Jan.18 '47,p32) came this week:

General Motors informed dealers of prices on its 1947 models. The trend was up. Chevrolet (directly competitive with Ford) was the only G.M. division making no changes.

• **List Revisions**—Cadillac factory list prices rose \$25 on the best selling cars—the series 62, 60 special, and series 61. The series 62 convertible advanced \$175. The big line, the series 75, advanced from \$29 to \$39.

Olds list prices jumped \$57 on one convertible model, \$130 on another, and \$60 on the station wagon.

Pontiac advanced most prices in a narrow range.

Buick's convertible was up \$150 over the 1946 model price.

Delivered prices would rise in roughly the same proportion. They would be amplified fractionally by the increased excises based on factory wholesale prices.

• **Chevrolet Strikes Back**—Chevrolet placed large-space advertising which

proclaimed that its cars are still "lowest priced." Chevrolet people declared that, of the nine Ford models on which prices were reduced, five still deliver for more than their Chevrolet counterparts.

• **U.A.W. Reacts**—The industry was still trying to figure all the angles on Ford's move, especially in labor relations. The Ford price cut helps to meet unionism's loud complaint of ascending prices. It will considerably embarrass the C.I.O. United Auto Workers' forthcoming spring demands on Ford for a 23.5¢ pay hike.

From the auto union came a statement of faint praise. Ford price reductions, said the union, did not help the "urgent human needs" of worker purchasing power and living standards. Richard T. Leonard, head of U.A.W.'s Ford department, said his organization will continue to press its 23.5¢ wage demand. But the Ford move had surprised and upset the labor leaders.

• **Slim Start**—Ford's hopes that its price move would start a downward spiral appeared only modestly successful. Many company suppliers wired congratulations, and several pledged to reduce prices in the same proportion (estimated close to 3%) as Ford did.

But it was evident that this reaction was only a narrow start. The procession would have to be greatly broadened before Ford could be credited with starting the trend that business, government, and the public hope to see.



THEIR IS TO REASON WHY

A rash of air crashes has brought a swelling public "why?" So Congress acted last week to find the answer. In the Senate the job fell to (left to right) Ernest W. McFarland, Albert W. Hawkes, Owen Brewster (chairman), Homer E. Capehart, and Brien McMahon. They make up a subcommittee of the Senate Interstate Commerce Committee. In the House a similar group was set up under Rep. Jesse P. Wolcott. Exactly what influence the committees' findings will have on airlines' operations is conjectural. But the probing undoubtedly will whip up action by both the Civil Aeronautics Administration and the airlines on installation of blind landing equipment.

Golden Touch

Small-town grocer's skill
e him one of nation's top
omes. But Kroger Co. has let
istrict Manager Bracy go.

For years there has been a mysterious
er among the names in the higher
ne brackets listed by the U. S.
sury Dept. Everybody recognized
movie magnates and their constella-
ns, and the leaders in industry and
merce. But who in the name of
as and bananas was Harry W. Bracy,
what was he doing so high in the
ocracy of earnings?

Small-Town Grocer—Bracy turned out
be a small town—if not a small time-
er. He was district manager at
bondale, Ill., for the Kroger Co.,
No. 3 grocery chain.

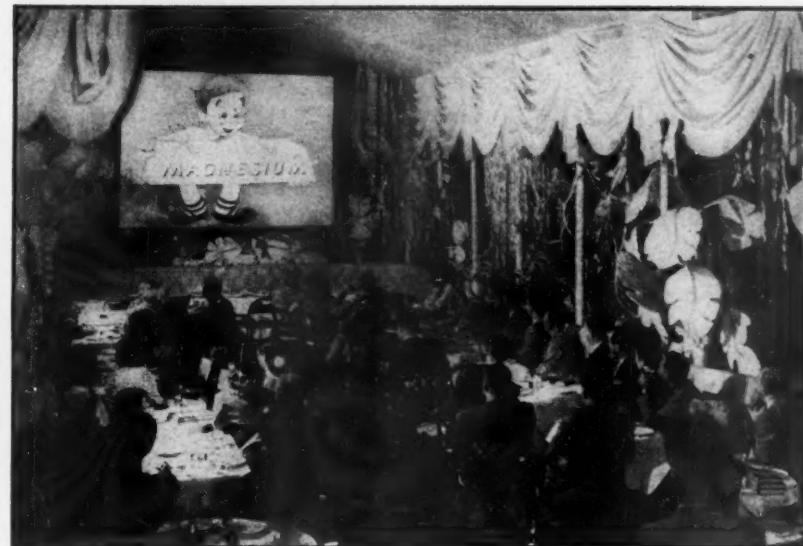
Treasury figures for 1944 showed that
cy received for that year a salary of
\$3,000 and a bonus of \$196,393.75, or
otal of \$221,393.75. For the same
the income of Charles M. Robert-
, then president (now chairman) of
ger, was \$81,284.32. Bracy's was
highest compensation reported for
of Ohio, which is Kroger's home
te. Bracy's income kept climbing un-
1946 when it was estimated to have
ped \$300,000.

End of an Era—But that was the end.
ast week a modest item buried in the
ness news of a Cincinnati paper
aled that Bracy had resigned from
ger, and that E. P. Robertson (no
to the company executive) had been
nsferred from Indianapolis to take
er the Carbondale office.

Behind those lines lay the story of a
ighty man of merchandising and a
ntract that made him so much money
at it threatened to throw the whole
mpany out of kilter. In making all
ose dollars for himself Bracy had
ought into the company greater profits
an any of his rivals in Kroger's 26
visions. Despite that or because of it
e weight of Bracy's performance made
e entire organization lopsided. His
e-eminence tended to create an un-
omfortable barrier in his dealings with
uperiors as well as underlings.

Bracy Said "No"—When Bracy's
atus came up for renewal the first of
is year, Kroger figured it was time for
revision. The old "open end," salary-
us-percentage-of-sales agreement—under
which no limit was placed on
racy's earnings—was to be clipped.
ereafter Bracy would have to content
himself with living under a ceiling.

Out to Carbondale went Kroger's top
grass to break the news to Bracy. As
expected, the latter said nothing doing.
Compromises were suggested; Bracy was



BRIGHT AFTERNOONS IN A NITERY

In an off season for night clubs, business makes business for one enterprising Manhattan restaurant. To attract customers—especially in the slow afternoon hours—the swank Monte Carlo equipped a private dining room as a Preview Room (above), where industrial films, shorts, or full-length films may be shown. Some 40 big firms booked shows the first year—enough business to take up the slack. William Zeckendorf of Webb & Knapp, realtors who own the Monte Carlo, developed the idea. Scanning a healthy list of 1947 bookings, the restaurateurs believe it may prove the tail that wags the dog.

firm. Either he would work under the
old agreement, or he wouldn't work.

Thus Kroger and Bracy came to a
parting of the ways.

Bracy's first reaction to the parting
was to threaten competition. Then, be-
ing a close-mouthed citizen, he went
silent and disappeared, temporarily,
from the town. Guessers now figure that
he is more likely to reinvoke Carbon-
dale as henchman of another big chain
than to risk his own capital.

• Barren Ground—Bracy's feats as
Kroger's viceroy mark him for one of
the shrewdest in the business. His ter-
ritory is generally regarded as poor pickings
for merchandising. Carbondale (1940 population 8,550) is a soft coal
and oil town. The Kroger district centering
there takes in the southern toe of Illinois (Little Egypt), some of Kentucky across the Ohio River, and some of Missouri across the Mississippi. The area has been in the economic doldrums for 20 years (BW-Oct. 26 '46, p17).

In retrospect, Kroger apparently has
no regrets over its long association with
Bracy. Under the salary-plus-percentage
deal, Bracy spared no effort to get him-
self—and Kroger—to the top.

• Secrets of Success—He knew the min-
ers and the oil-and-mining area; he
bought meat and perishables with a
foresight that was almost uncanny; he
put the last ounce of steam behind

long-margin items when he thought
sales of short-margin stuff were too big;
he knew his entire operation to the
last obscure detail.

His entire life seemed to lie in his
business. When asked what Bracy did
for amusement, an associate once
quipped:

"He probably goes down to the ware-
house at night and counts the cab-
bages."

• No Love for Publicity—The fact that
he is a noncommunicative genius ex-
plains why this paragon of grocers has
never broadcast his success story
through the mass circulation magazines.
Of all forms of publicity Bracy resented
most the publication of his income fig-
ures. It brought him a flood of appeals
for donations and investments.

The tall, middle-aged grocer restricts
his conversation to his buying and selling.
At Kroger powwows he generally
withdrew into a corner, spoke only
when spoken to. In Carbondale, he
has no cronies at Roberts Hotel where
he lives in a single room with bath.

• His Own Chain—Bracy started out as
salesman for a wholesale produce house
in St. Louis, covering southern Illinois.
At one time he ran a movie theater in
Marion, Ill., but he returned to whole-
sale fruit and produce with his own
company at Herrin (famed for a miners'
"massacre"). About 1918 the H. W.

Bracy Co. opened a few retail food stores. Bracy called his budding chain the Thrift Stores. Eventually his organization acquired some 30 stores and three warehouses.

In the coal districts Bracy showed an unerring instinct for miner requirements. He handled nongrocery items that the miners wanted, and he ran rings around A. & P. competition. Kroger was expanding aggressively throughout the Midwest. In 1929 it bought Bracy's chain for roughly a million dollars.

• **Interlude**—Bracy decided to take his first vacation. The Carbondale version of this excursion is that he visited New York, bought a ride on a rubberneck bus, spent a few more dollars on inexpensive diversions, then returned home thoroughly bored. He took some interest in Illinois oil lands and his judgment, as usual, paid off.

But if Bracy was unhappy in his separation from retailing so was Kroger. With Bracy gone, the Carbondale stores showed disappointing returns. The proposition for Bracy to return and manage the district for Kroger was a natural. It could be that overeagerness



FLYING FISHERMEN

The West Coast tuna fleet is beginning to realize its dream of fishing by air (BW—May 11 '46, p31). The \$300,000, 115-ft. tuna clipper, *Liberator* (above), is reported to be the first to carry a scouting plane—a tip from the Navy, whose wartime blimp crews often sighted tuna schools. The *Luscombe* monoplane, fitted with pontoons, is hoisted overside by the cargo boom, takes off from the water, radios back its findings. Owners George and Joe Soares of San Diego sail the ship for Sun Harbor Packing Co.

on the company's part gave Bracy the idea of asking for the unlimited contract.

• **A Costly Lesson**—Kroger learned a lesson here that other companies have been pondering during the past few years of the sellers' market. Obviously Harry Bracy was an outstanding merchant whose abilities were especially adapted to the Carbondale region. But his agreement with Kroger was framed when things were at the low, when there was no place for business to go but up.

Thus some of Bracy's profits can be traced to the general improvement in conditions which reached their climax during the war. This development has caused many a company to regret open contracts which sent payments to sales staffs soaring when all the beneficiaries had to do was to umpire the allocation of available supplies among claimant buyers.

• **Change in Policy**?—Bracy's successor takes over after the peak has been passed. In the job of active selling ahead he will be able to test criticisms that have been leveled at Bracy's techniques. Some have thought that Bracy did not maintain his units at the height of bright gaiety required by Kroger standards. Before he makes any drastic changes, the incumbent must decide whether residents of a coal and oil community will feel at home in a store so immaculate that it seems to look down its nose at its clientele.

QUOTAS RULED ILLEGAL

Allotment of sugar to industrial users on the basis of historical use is illegal, a U. S. District Court ruled this week. The decision was based on the terms of the War Mobilization & Reconversion Act.

Judge F. Dickinson Letts, of the District of Columbia, handed down an informal memorandum upholding the argument of the Moberly (Mo.) Milk Products Co.; the firm had asked that the Office of Price Administration be enjoined from applying the historical-use formula in its case.

Present OPA allotment is 75% of 1941 use if the company concerned was in business then. New users are given a quota based on recent use. The Moberly Co., which uses sugar to make bulk sweetened condensed milk, protested that this formula discriminated against it as a new user.

Counsel for OPA's sugar division say they will appeal the decision. But it is unlikely that the agency will let the case go to a final legal decision which might jeopardize the entire foundation of sugar rationing. To avoid such a test, OPA will probably take care of Moberly's needs, as was done in a previous sugar case.

House of Ideas

Harvester research center now being readied in Chicago centralizes men and machines for better manufacturing.

Industry pricked up its ears when International Harvester Co. bought big surplus war plant for manufacturing research (BW—Feb. 23 '46, p52). Research for product improvement was old story. Organized research by a manufacturer to improve his production methods and machinery was an unfamiliar approach; it seemed eminently sensible and shrewd.

Today Harvester's production laboratory building is gradually filling with equipment—far more gradually than suits company executives, impatient of postwar delivery delays. But the operation is beginning to take shape, and the direction of its efforts is becoming clear.

• **Growth of an Idea**—The project for a manufacturing research center is primarily the brain child of Board Chairman Fowler McCormick (page 8); he got a lot of midwifely help from other executive and manufacturing men, too. McCormick managed manufacturing for three years. This gave him time to see the need for a good many improvements in the company's production methods, but not enough to re-jig them to his satisfaction.

During the war, there was no chance to start, staff, and equip a specialized research operation. When war plants were vacated after V-J Day, Harvester bought an aircraft engine parts factory at 5225 S. Western Ave., Chicago, and began realizing its dream.

• **Scope**—Activities in the new center will cover three broad fields: technical research, or engineering science; operations research; and training. Eight major laboratories will house equipment and personnel for dealing with plant process problems.

A field of research not previously announced, but now definitely scheduled, embraces better techniques of management. This involves the study not of manufacturing, but of manufacturing management. It parallels the research into marketing management techniques being conducted by a sales research unit.

Eventually these studies could lead to establishment of a separate research center to concentrate on management as distinct from functional operating. Such a project would be a likely outgrowth of McCormick's generally thoughtful approach to the over-all executive task.

• **Reasons**—There has always been lots of process research going on in Harvester's plants under the direction of the

managers. All of it was aimed at practical objectives. McCormick favored centralization of the manufacturing research program because he saw major reasons for getting it under one roof:

Better facilities can be made available. If, for example, a works manager wishes to develop a better method of milling a particular casting, he may find it difficult to turn over to the plant's most modern miller unless the researchers want to try a cutter or fixture. Such a machine normally required to keep production going to best advantage.

The leading research men in the company are brought together. When they rub elbows at work and at lunch, interchange of ideas is inevitable. The principal processing operations of all Harvester plants can be standardized on the methods found at the research center. Experience has shown that a plant that possesses the company's best welding engineer is outstanding in this type of work. Other plant, for similar reasons, excels in heat treating, metal cutting, or not. Harvester men believe that channeling of the plants' researches into a single center, and conscientious distribution of results to all works managers and engineers, will produce better and more uniform manufacturing results.

Direction—In charge of the new project as manager of manufacturing research, is Merle C. Evans. A scholarly production executive, Evans showed a strong aptitude for research activities during his days of active plant management. His record includes two major Harvester production posts: manager of McCormick Works, Chicago, and manager of manufacturing in the farm implements division.

C CONCEDES A POINT

The Federal Power Commission has yielded on one of the natural gas industry's major demands.

The commission announced this week that it will divide the country up into "service areas." Under this setup, an interstate company will be able to make limited extensions of its lines within the areas in which it is already doing business, without the necessity of obtaining formal FPC approval first. The announcement was made in a report on FPC's 15-month, over-all investigation of the industry (BW-Dec. 28 '46, p.5).

The service-area plan was authorized by Congress in an amendment to the natural gas act in 1942. The industry has always been strong for it. But, until now, FPC has been reluctant to give up even this small bit of its authority; it has pleaded that its staff was too small to undertake the job of defining service areas.



SUPERMARKET CREDO: A PLACE FOR EVERYTHING

Cramped by shortages, the big food retailers lost ground during the war. Now they're again elbowing the smaller competitors as conditions approach normal (page 55). A doggy parking station (above) at a San Carlos (Calif.) food center is indicative of what the supermarket set has up its sleeves to woo back the customers. The station is more than just a cute convenience for Fido and madam. Pets are unwelcome at most busy supermarkets; so madam, combining shopping and walking Fido, is very apt to head for the smaller shops.

Codes Under Fire

Model safety regulations sought for public buildings as indignation over recent tragic blazes spurs reform.

Disastrous fires inevitably bring reform legislation. Last year's wave of hotel holocausts has aroused public pressure to an unusual degree. Fire prevention experts, as a result, are striving to direct this pressure in support of sane, workable reform measures.

One major step was taken last week at a nationwide conference in Philadelphia of 700 fire authorities. The meeting was called by the National Fire Protection Assn. Out of this will come a model hotel and apartment fire safety law. It will give legislative bodies, state and city, corrective legislation based on the results of the association's 50 years' experience.

Thinking of Occupants Now—Principal emphasis in the model code will shift from protection of the building—"fireproof" construction—to protection of the occupants. For the LaSalle and Winecoff hotel fires last year demonstrated tragically that buildings can stand up structurally under fire conditions that are fatal to trapped occupants. Both were "fireproof," yet 180 guests lost their lives.

Requirements of new safety regulations are going to create increasing demand for fire-resisting materials, fire-detecting alarms, and protection devices. The demand, in fact, already is building up. Building owners are eager to woo public favor.

• What the Experts Want—Fire prevention experts would like to see five major regulations adopted and enforced. These would require hotels and similar places of public assembly to:

(1) Protect vertical openings in buildings to prevent spread of fire. This would entail use of adequate doors and walls in stairways, elevator shafts, dumb waiters.

(2) Install fire detection systems with thermostatically controlled alarms. This would help insure rapid detection of fires and rapid response of fire departments.

(3) Make more extensive use of automatic sprinklers, particularly in service areas. Where it is impossible to inclose vertical openings adequately (as in existing structures where cost of such a remodeling job would be prohibitive), sprinklers would be compulsory throughout the building.

(4) Provide at least two means of speedy, protected egress from all floors. Exterior fire escapes often may be hazardous. They can be too easily blocked off by heat, smoke, and flame.

(5) Use noncombustible or fire-resistant material wherever possible in such materials as wall panels, furniture,

All's Not Diamond That Glitters

A new method of jewel setting is designed to make half-carat diamonds look twice their size. It recently was patented by Warren Piper, Chicago jeweler. Piper calls the method "Illusion" because of its optical deceptions. The setting seems to disappear when viewed from a short distance.

Idea for Piper's new settings came to him when resetting and appraising heirloom jewelry. He often found that the value of stones set in elaborate old-fashioned mountings was only a fraction of the original cost of the piece of jewelry. The fancy mounting, now out of style, was frequently worth only its weight in metal.

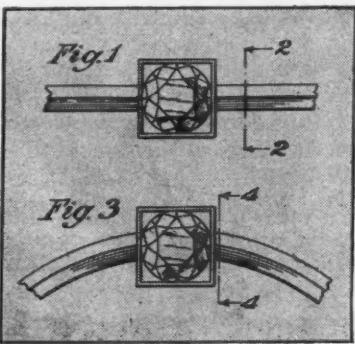
• Optical Trick—Piper makes the "Illusion" settings in simple intersecting circles, squares, and triangles. Object is to bring out the brilliance and size of the gems instead of dwarfing them.

He uses both gold and platinum for settings. Platinum holds first place in popularity. He incloses the conventional round-cut diamond in a thin square band of metal (right). This gives it an illusion of greater size. The optical trick is achieved by use of a mounting of triangular

cross-section to connect the jewels. The mounting is comparatively wide at the back where strength is needed. But it narrows to a knife edge at the top. Thus it appears to vanish when viewed from a few feet.

• Finds Ready Market—Skilled workers make the "Illusion" settings by hand. The labor makes them cost about as much as equivalent conventional settings. On a made-to-order basis, Piper sells the settings as fast as his workmen can turn them out.

The principle can be used effectively for costume jewelry. But Piper says he intends to use the method to set only precious stones.



floor coverings, liners for air-conditioning ducts.

• Public Demands Action—Cities are going to get new fire laws whether they need them or not—and most do. The public is shouting for new laws to curtail the operation of unsafe buildings. Architects, builders, public officials, hotel men, and fire prevention experts are concerned. They are afraid impractical, worthless, worse-than-useless laws will be adopted.

For better or worse, Milwaukee has passed a new fire ordinance. It provides jail sentences for persons making careless use of matches or lighters in places of public assembly. Other cities—Macon and Columbus, Ga., Albany, N. Y., New Orleans, and Atlanta, to name a few—are revising their building codes. The Georgia legislature is considering a hotel safety code compelling such provisions as properly placed doors to isolate fires, watch patrols on hotel floors, outside fire escapes. Boston, following its Cocoanut Grove night club holocaust of 1942, is enforcing stringent fire laws (BW-Dec. 14'46, p20).

• Retroactivity Problem—The war is regarded as a big contributing factor in the present wave of costly fires, which in 1946 pushed losses up to a near record \$561,487,000. (Only 1926, with

losses of \$561,980,751, showed a worse record.) The war caused a lack of proper maintenance of old buildings. It also reduced personnel in cities' building inspectors' departments.

A more fundamental cause is the problem of retroactivity in building codes. Generally, it has been impossible to force owners of buildings constructed under old building codes to comply with radically different provisions of modern codes. Thus, it might be impossible for an owner to install a completely enclosed stairway without tearing his building down, or undertaking drastic costly remodeling. Even the courts have held that regulations cannot be made retroactive in such circumstances.

Nevertheless, much can be accomplished even in such cases to improve safety conditions. And this fact is recognized by everyone with anything to sell for fire protection.

• Help or Hazard?—Why not equip every hotel room with steel cables for speedy exit? Why not hang ropes on the walls for use instead of bedsheets for escape purposes? What about canvas chutes, gas masks?

Some new products are considered sound. But ropes, rope ladders, and other exterior means of egress are considered by fire prevention experts to be

only added hazards. Few people can maneuver safely down a rope. Moreover, such devices are simply an invitation to trapped people to try perilous descent instead of waiting in their rooms for rescue by firemen.

Panic is the greatest foe of fire fighters. And the essential weapons against panic are those which provide an egress through the inside of a building.

• Approval Needed—To the salesmen for safety devices, the fire experts have one answer: "Get a stamp of approval from the National Fire Underwriters Laboratory."

FLORIDA BOOMERANG

Florida's determined bid for tourism business—including free-spending conferences of labor executives—backfired last week. The state's fruit and vegetable growers were pinched financially as a quick result.

Last week Abe Goldberg, official of the Philadelphia Dock St. local A.F.L.'s teamsters, proposed a strike (BW-Jan. 18'47, p92) in an embargo the union had imposed to force citrus workers of the fruit-market merchants to join the union. After its acceptance, Goldberg packed his bags and left for Florida; he was going to attend a teamsters meeting in Miami.

The truce, scheduled to continue until Mar. 1, lasted only four days. Then 200 employers locked their doors. They complained that they "would rather go out of business than have a dictatorship basking in the Florida sun, telling us how to run our business."

Goldberg tried to reopen the fruit and produce market through telephone and telegraph negotiations. Up to midweek he had been unsuccessful.

Meanwhile, the loudest complaint against the closed market came from Florida citrus growers. They protested to the Labor Dept. in Washington that they faced loss of 125 carloads of produce, already loaded for the Philadelphia market and in danger of spoiling.

PENNSYLVANIA SETBACK

The Commonwealth of Pennsylvania has received another setback in its long battle to purchase the ten privately owned toll bridges in the state (BW-Jul. 27'46, p21).

In May, 1945, the legislature appropriated \$7 million to buy the bridges. Litigation held up the deals. Later that year, the state constitution was amended to restrict use of automotive tax receipts. Last week the state Supreme Court ruled that the \$7 million appropriation was invalidated by the constitutional amendment because it was taken from such funds. The legislature meets this year; it may try again.

The Helicopter Comes of Age

Many commercial uses being found for rotary-wing aircraft. Post Office Dept. tests them for local air-mail routes. Other uses include agriculture, store deliveries, geophysical prospecting.

This month's intensive tests of local air-mail pickup and delivery by helicopter in the metropolitan New York-northern New Jersey area focused nationwide attention on the commercial possibilities of rotary-wing aircraft.

• **Two Certified**—Helicopters have made great strides in the last couple of years. Two models (Bell and Sikorsky) have been certified as airworthy by the Civil Aeronautics Administration, and other manufacturers are close behind.

Prices are still high. The Bell two-seat Model 47 costs \$25,000 and the Sikorsky four-place S-51 about twice that. But, despite the cost, a number of commercial uses have been developed, some of them already well beyond the experimental stage.

• **For Agriculture**—Agricultural uses are high on the list of applications. Extensive experiments have been conducted by Bell Aircraft in the Pacific Northwest in crop dusting, spraying, seeding, cattle roundup, cattle dusting, and pest control.

One unusual application was blowing rain water off ripe, sweet cherries by the air stream of the rotor blades. During each minute of flight more than 70,000 cu. ft. of air pass through the rotor. As a result of the success of this experiment, frost control and evaporation of dew from fruit are being considered.

• **Satisfied**—Collaborating with Bell in these experiments was Central Aircraft Corp., Yakima, Wash. This pioneer agricultural aircraft operator has a fleet of 36 fixed-wing planes. As a result of the Bell tests, Central's president, Herman A. Poulin, decided that the helicopter could do a "significantly better" job than other methods; he ordered nine from Bell.

Bell is also convinced that the helicopter has made a permanent place for itself in agriculture. So much so, in fact, that it has developed a special agricultural version of its helicopter (Model 47B-3) which is scheduled for delivery starting this spring.

• **Cost Estimate**—Bell estimates total over-all cost of operation, including 25% annual depreciation, at \$21.77 an hr., assuming 1,000 hr. a year of use. On the basis of 250 hr. annually, allowing only 20% for depreciation, the cost rises to \$67.30 an hr.

A number of organizations other than Central Aircraft have explored the agricultural possibilities of helicopters. One of these, the National Cranberry Assn., was so pleased with the tests that it

has bought one Bell and ordered two more for use in frost prevention, fertilizing, and dusting.

• **For Airmail**—The New York experiment is not the first test of helicopters by the Post Office Dept. Tests in Los Angeles (BW-Jul.20'46,p20) and Chicago (BW-Oct.5'46,p44) have already been completed, and others are planned.

During the week-long New York test, three routes serving some 12,500,000 residents were flown. One feature not included in the Los Angeles and Chicago tests was added. The machines flew to meet ocean ships five hours before they docked, picked up mail sacks, and delivered them to La Guardia Field or Newark airports for sorting. Then the mail was flown to its destination by helicopter. Total time saving was estimated at about 24 hours.

• **For Store Deliveries**—William Filene's Sons Co. of Boston has been interested for a number of years in the possibility

of using helicopters (BW-Sep.9'44, p32). Now it has set up a regular service. Three flights a week will be made. The company does not own its own machines, but has a contract with Helicopter Air Transport, Inc.

Parcel delivery from the Boston store will be made to branches in Winchester, Belmont, and Wellesley, and to the warehouse in Cambridge. Customer deliveries also will be speeded.

• **Other Uses**—Specialized operating companies are springing up all over the country to perform helicopter services for industry, business, and agriculture. Helicopter Air Transport, Inc., at Camden, has ordered six Bell machines for power-line inspection, forest survey, merchandise delivery, and pilot training.

Armstrong Flint Helicopter Co., Los Angeles, will do advertising jobs for the movie industry with two of the machines. Southern Arizona Airlines, Tucson, with one Bell helicopter, is serving the U. S. Forest Service and transporting personnel and materials for many small mines in its area. Other jobs being done by or planned for helicopters include geological surveys, emergency rescue work, and checking weeds in the canals of irrigation projects.

• **Abroad, Too**—A general helicopter service will be offered by Ostermans



Two leading rotary-wing planes show what helicopters can do. Near Yakima, Wash., a Bell demonstrates crop dusting (above). On a New York pier (below), a Sikorsky delivers a package from Boston to a Paris-bound passenger.





In the recent New York mail shuttle tests, a Firestone helicopter (above) was among the list of participants.

Aero A.B. of Stockholm, Sweden. Its vice-president, Nils Sefeldt, is a graduate of the Bell helicopter-pilot training school at Niagara Falls. The company has three machines on order.

In Canada, Hans Lundberg, pioneer in geophysical exploration, has ordered two machines to survey inaccessible terrain for valuable mines. Within a few years he plans to complete work in this field which would consume 400 years by older methods.

• United Is Interested—A pioneer among scheduled air carriers in exploring helicopter possibilities is United Air Lines. It has ordered a Sikorsky S-51 for engineering analysis and operational training. This move is in line with United's application for air-mail helicopter routes serving 32 communities in the Chicago area.

Among the feeder airline applications still pending before CAB are a number of proposed helicopter services.

• What's Coming—Other manufacturers in the rotary-wing field include Firestone, which is building a two-seat model, and McDonnell Aircraft, with a twin-engined, experimental Navy type. Larger machines are under development by Kellett Aircraft and Piasecki Helicopters, Inc. These helicopters are ten-seat commercial versions of military designs. Bendix Helicopter is ready for production of a four-place rigid blade type of machine.

Also, Bell has a five-place model in the works, and Sikorsky plans a two-place machine.

• For Development—The Aircraft Industries Assn. recently formed a Helicopter Council. Its purpose is to draft a long-term program designed to foster the logical development of the helicopter industry.

Union for Power

Private and public utility men in Northwest may unite to oppose congressional slash in Bonneville appropriations.

The Bonneville Power Administration and five private power companies of the Northwest are negotiating an armed truce.

The old antagonists are being brought together by a strong threat to both: Congressional appropriations committees may slash Bonneville's budget more drastically than even the companies want.

• **Emergency**—Both House and Senate appropriations committees are dominated by easterners. They resent the pouring of federal funds into the development of the West's natural resources. They reason that such expenditure, by developing cheap hydroelectric power and opening up new land, will attract industry away from the East.

Under their guidance, appropriations for the Interior Dept. are likely to be slashed sharply in committee. If they are restored, in whole or in part, it will be as a result of a floor fight by western congressmen. And it is to stimulate such a fight that Bonneville and the private companies are grudgingly trying to present a common front.

• **Private Stake**—The Budget Bureau has asked \$20,278,000 for Bonneville for fiscal '48. That represents about a one-third slash from Bonneville's own estimates of its needs. The agency is afraid that any further cut would wreck its five-year plan for further power develop-

ment on the Columbia and tributary streams.

The five companies—Washington Water Power, Pacific Power & Light, Northwestern Electric, Puget Sound Power & Light, and Portland General Electric—have no love for Bonneville. But they are interested in seeing that it gets money to keep operating, and expanding, its power-generation facilities.

They, together with the municipally owned electric systems of Seattle and Tacoma, are the principal distributors of Bonneville power. All have been able to retire major portions of their steam-generating capacity to standby status as low-cost Bonneville power became available.

• **New Shortage**—With the end of the Japanese war, Bonneville's power load dropped off sharply as huge war plants in the area closed down. But several aluminum and other industrial plants reopened a few months later. Two large generating units at Grand Coulee, which had been borrowed for the war emergency from a reclamation plant in California's Central Valley, have been returned. As a result, Bonneville's power sales are again close to the peak of production capacity. Because of this, the agency has recently cut down its sales of energy to power companies.

The private companies are unhappy over the prospect of returning old and costly coal-burning generating plants to service. Hence they are willing to forego their annual fight against public-power appropriations as a sort of horse-trade to assure them continued supplies of cheap hydro power. They may even be willing to send a delegation to Congress in Bonneville's behalf—if they can obtain, in exchange, some concessions from the ardently pro-public-power Bonneville Administration.

• **Obstacle**—To date, negotiations have snagged on the companies' demand that the agency sell them power on long-term contracts (five years, at least). Bonneville insists that such contracts are illegal. It says the law requires that, if it cannot supply all power needs, it must give priority to public bodies and cooperatives.

FOR EXPORT ONLY

Kentucky makes as much hard liquor as all other states combined. But, publicly at least, Kentuckians aren't taking their own medicine. The state's Anti-Saloon League reports that 92 of 120 counties are totally dry, only 14 totally wet.

Local option elections in 1946, according to the league, forced 295 saloons and roadhouses out of business. This was more than twice the number closed by 1945 voting. Five counties and 70 precincts in wet counties went over to the dry camp last year.



First chairman of the new Helicopter Council is Lawrence D. Bell (above), president of Bell Aircraft Corp.

IT WON'T SHOVEL SNOW ON TUESDAYS

Or on Mondays either, for that matter. Nor will it take the place of steam heat.

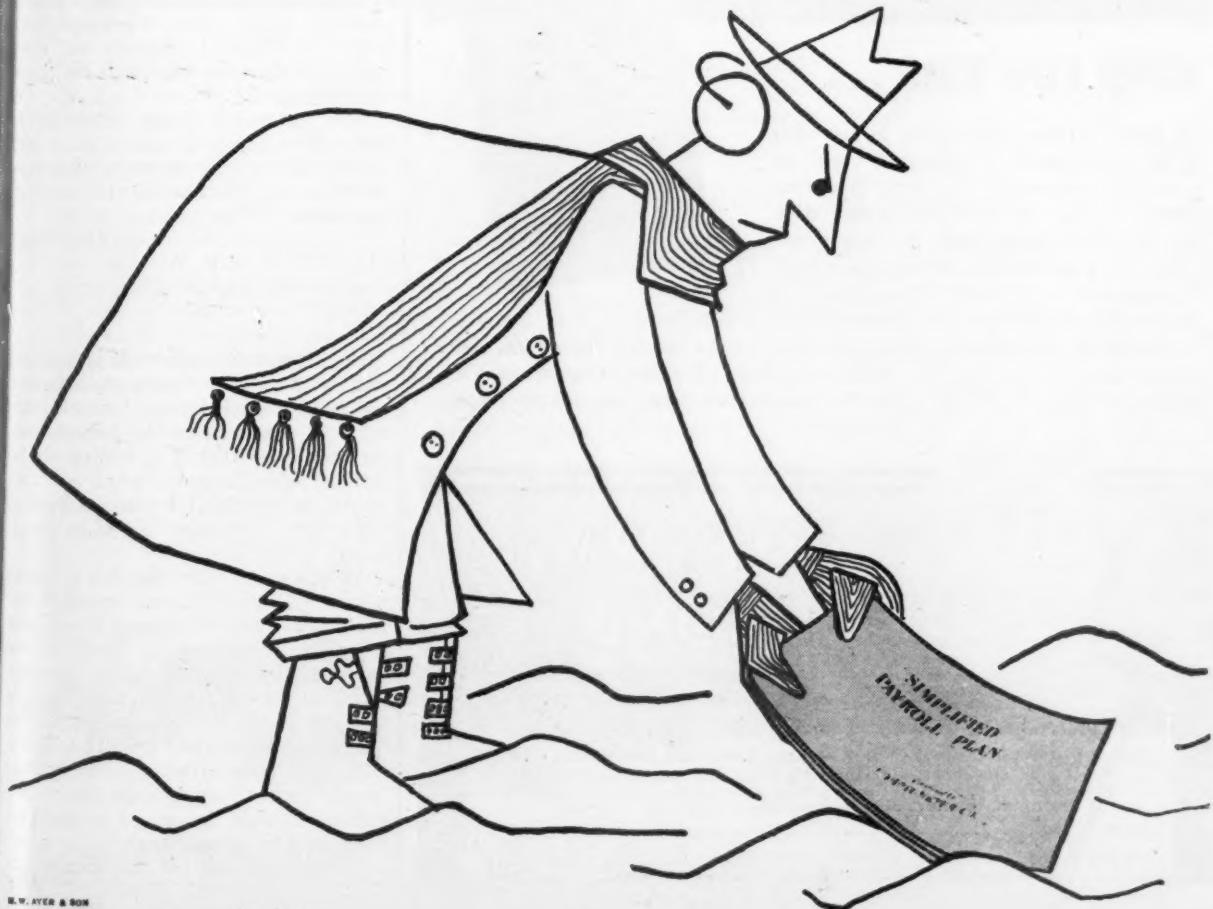
The Comptometer Check-and-Payroll Plan performs only one tiny little miracle: it gives permanent records from original postings.

Driving dead-to-the-pin on payroll problems, this unique plan eliminates complicated book-keeping, perpetual filing and posting.

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(Please attach to, or write on, your business letterhead)

BW-1-25

READERS REPORT:

Better Trade Shows

Sirs:

Your Production Pattern, dealing with industry's questioning of current trade shows (BW—Dec. 14 '46, p70), is very much to the point. I hope that those who control industrial exhibits are as careful readers of Business Week as are a number of us here.

The last few years have led to excesses in this field, as in almost every other, and I hope that all publications will have the intelligence and the courage to air their views on this matter as candidly as has Business Week.

R. Davison

Mgr., Market Development Div.,
The New Jersey Zinc Corp.,
New York, N. Y.

Sirs:

I have read the Production Pattern for Dec. 14, 1946, in which you commented on industry questions regarding trade shows.

As managing director of this association and one who is close to the pulse and thinking of the welding distributing trade, I can agree with your statements.

Quite a few distributors believe that smaller and more representative shows would be of more value. This is particularly true where distributors are concerned, as their shows should be "buying" shows.

The National Welding Supply Assn. hopes some day to sponsor a show just for the welding industry where all manufacturers and distributors of welding equipment will be present.

George H. Ohmer
Mg. Director, Natl. Welding
Supply Assn., Dayton, Ohio.

Sirs:

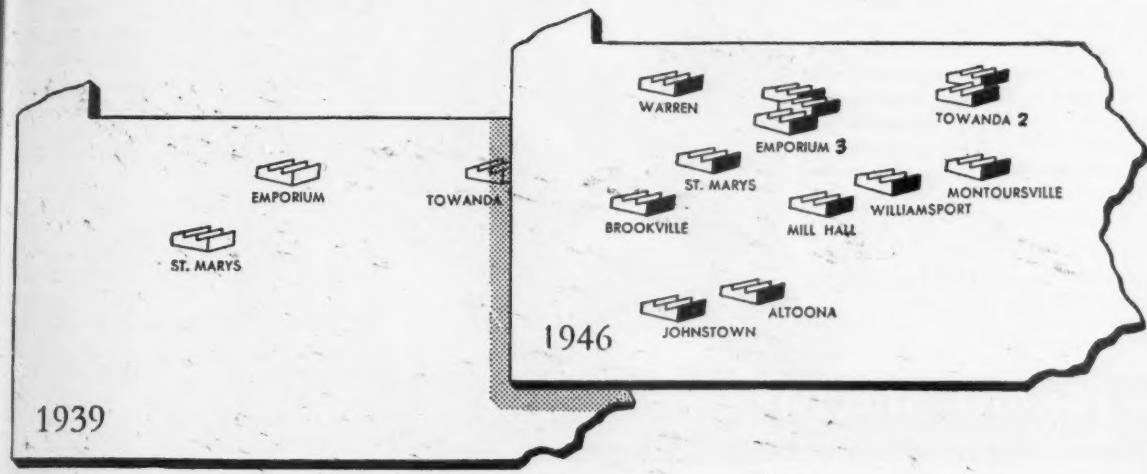
Having been active in trade association and society work for more years than I am willing to tell, perhaps I have a little different viewpoint on the subject matter and know that if I wanted to be truthful when someone asked me why we put on an exhibit, I would unhesitatingly say, "In order to make some money."

While it is true there are many worthy objectives to an industrial exhibit, to my way of thinking it is a little nicer way of putting the "bee" on the manufacturer, who in reality supports the various technical organizations throughout the country, than it would be to twist his arm and say, "How about 500 bucks for a sustaining membership in our society," or as most trade associations do, tax the man a certain percentage of his gross sales.

If the objectives of the society are

Could your company profit by decentralizing like this in Pennsylvania?

NO. 2 OF A SERIES



1939

13 plants are now operated in Pennsylvania by Sylvania Electric Products Inc., a big company which does not believe in big factories. Sylvania is one of the two largest manufacturers of radio tubes in the world and among the three largest in the incandescent and fluorescent lighting field. Recent stories in Reader's Digest and Forbes Magazine spotlighted the decentralization philosophy of this company which builds and owns plants only in specially selected areas.

Industrial executives from many parts of the country, caught in the spiral of rising production and distribution costs, are selecting Pennsylvania as the ideal location to which to move or expand their operations.

There are reasons :

- ✓ short hauls to the nation's richest markets
- ✓ abundant natural resources
- ✓ easy access to power, raw materials and semi-finished goods
- ✓ diversified and reliable labor resources
- ✓ unsurpassed transportation facilities
- ✓ favorable tax structure
- ✓ resourceful community organizations promoting better industry and healthy living conditions

Write to the Department of Commerce, Harrisburg, Pa., for specific information on locations, taxes, labor supplies, etc.

COMMONWEALTH OF

Pennsylvania



Present day plant of Sylvania Electric Products Inc., Emporium, Pa.

DEPARTMENT OF COMMERCE
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG, PENNSYLVANIA

Send me, without obligation, your illustrated booklet, "Let Your Business Grow in Pennsylvania."

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ORGANIZATION _____

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of impulse sales**

Surveys show that today impulse buying plays an extremely important part in the sale of packaged goods. In food stores, for example, it now accounts for 38% of all sales!

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Here at "Package" are the men who have taken a leading part in developing many of the most outstanding packaging improvements in use today—and the machines they have engineered to produce the wrapping are the most widely used in the packaging field.

Put your problem up to us.

PACKAGE MACHINERY COMPANY

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PACKAGE MACHINERY COMPANY

Over a Quarter Billion Packages per day are wrapped on our Machines

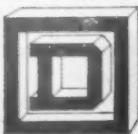
a Cost-Reduction
suggestion
to Management...

Don't overlook your plant's electrical distribution and control system when you're digging for ways and means to reduce costs. Surveys show that 3 out of 4 of them are overloaded or improperly applied in the light of present needs. That means excessive cost.

Ask your head electrical man to check on this very important segment of your operation. If he finds weakneses, a Square D Field Engineer will be glad to work with him in eliminating them.

Field Engineering service is available, without obligation, through Square D offices, without principal U. S. and Canadian cities.

Wherever electricity is distributed and controlled



SQUARE D COMPANY

worthy of the support of the individual member, no matter how small, then certainly the moral responsibility of industry is very apparent. I believe there another very important intangible the industry fails to recognize, and that the educational and moral uplift of thousands of rank-and-file individuals attending these exhibits and usually paying the admission fee out of their own pockets.

(Name withheld)

Sirs:

Business Week has rendered a worthwhile service to the show-conscious commercial and industrial fraternity by focusing attention on the trade show subject. The objectives of a trade exposition should be to educate people within an industry on new developments and to acquaint an industry's customers with its products, both in turn to stimulate trade.

Our next show will be primarily a trade affair. Attendance will be limited to representatives from companies in the plastics industry and to actual and potential customers of the industry—broadly those who would be called on by the sales engineers of the industry.

William T. Cram

Executive Vice-Pres.,
The Society of the Plastics
Industry, Inc.,
New York, N. Y.

Careless Exporting

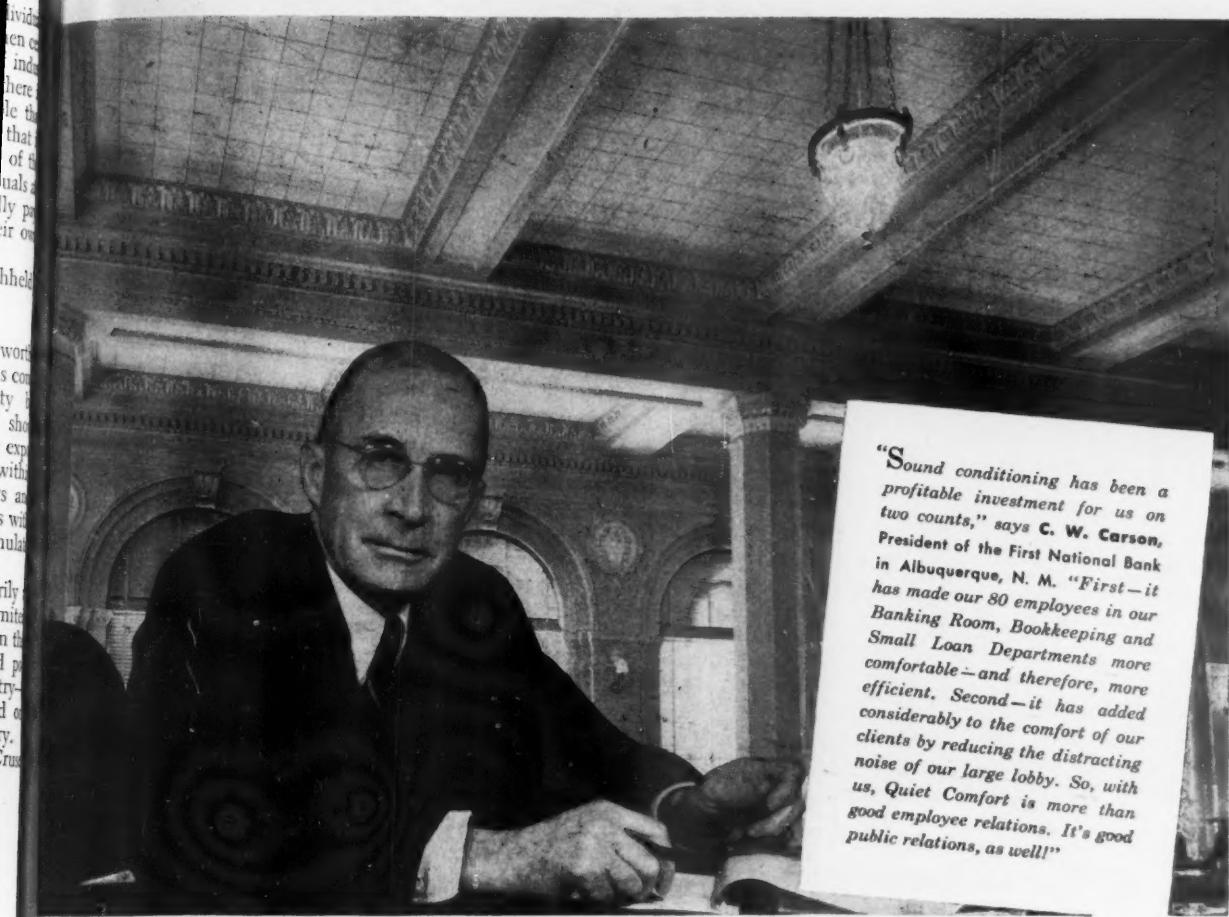
Sirs:

Your report that the United States is losing the export initiative (BW—Oct 12 '46, p15) interests me very much. Since our firm has two Brazilian branches, I think I can comment on the authority of experience.

The United States loses not only an export market but is fast losing the faith of South America through the indifference shown by our manufacturers in offering their merchandise to the market. The result is that wooing by Italy, Czechoslovakia, and Russia is now going on. Italy has a ship lying in a Brazilian port displaying merchandise that the Italians have available now and will soon be producing at prices that are as low as one-fourth of those placed on comparable items manufactured in our own country. In many instances, the Italian workmanship is superior to ours.

These facts are creating a tendency among Brazilian merchants to suspend present buying from United States. Their attitude is changing from warm and friendly to suspicious. Our take-it-or-leave-it methods make them feel we were never sincere in our desire to cooperate.

Albert A. Green
Pres., Southeastern Research,
Miami, Fla.



"Sound conditioning has been a profitable investment for us on two counts," says **C. W. Carson**, President of the First National Bank in Albuquerque, N. M. "First—it has made our 80 employees in our Banking Room, Bookkeeping and Small Loan Departments more comfortable—and therefore, more efficient. Second—it has added considerably to the comfort of our clients by reducing the distracting noise of our large lobby. So, with us, Quiet Comfort is more than good employee relations. It's good public relations, as well!"

Employees at work—more profitably —thanks to Quiet Comfort

YES—it pays to sound condition. Tests prove this.

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Figures like this show why the Quiet Comfort of sound conditioning results in better employees and better employee relations!

So, to be sure noise isn't robbing you and your workers of full comfort and efficiency, call in your local Acousti-Celotex distributor.

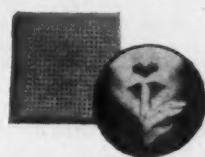
He's a Celotex-trained technician and a member of an organization experienced in more than 100,000

acoustical installations of all kinds.

Most important: he features Acousti-Celotex—the drilled cane-fibre tile used to sound condition more offices, banks, factories, schools, churches, theaters, and hospitals than any other acoustical material.

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It's a *family market* that the planned ideas of Household spur to action. And what a big, important market it is! More than 2,000,000 responsive small city and town families, (with 3,067,861 children under 18 years), rely on Household's activating ideas . . . transform these ideas into results . . . and spend millions doing it.

Yes, for bigger sales to bigger families (2.23 youngsters per Household family with children) Household is your No. 1 magazine. Join the alert advertisers who are cashing in on Household's sales-getting action in this great, enduring *family market*.

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A MAGAZINE OF ACTION *Streamlined*
FOR SMALL CITIES AND TOWNS

CAPPER PUBLICATIONS, INC.
TOPEKA, KANSAS

CITIES

Cleveland: Magnet for Industry

Blessed with basic manufacturing and by strategic location, 1,700-sq. mi. area has drawn \$200 million plant expansion since V-J Day. Campaign of power company aids industrialization drive

The Cleveland area has set an impressive record in attracting new industry. Since V-J Day, more than 160 companies have committed themselves to spend \$200 million for industrial capacity.

The money will go for erection of new plants, expansion of existing plants, purchase of government factories, and machinery to equip them.

- Credit to Utility—Much of the credit goes to Cleveland Electrical Illuminating Co. Like many other utilities throughout the country, it has been beating the drum for industrial development.

Several years ago it started exploiting the advantages of the 1,700-sq. mi. district that surrounds Cleveland. This strip extends 100 mi. along the southern shore of Lake Erie; it starts at Conneaut (just over the line from Pennsylvania) and runs to Avon Lake Village, 20 mi. west of Cleveland's public square.

C.E.I. has used magazine and newspaper advertising, direct mail, and personal solicitation to sell this area as "The Best Location in the Nation for Many Industries." Its objects were to help make postwar jobs in Greater Cleveland and to provide a greater market for the company's power capacity.

- Has Basic Industries—The fundamental fact is that Cleveland is ideally situated for many manufacturing operations: iron and steel products; transportation and automotive equipment; electrical equipment; and many chemical products.

Three companies operate large blast furnaces in Cleveland. The city has a government-built unit which during the war produced as high as 1,750 tons of pig iron a day. Two steel companies have openhearts with extensive capacity; three companies have large steel rolling mill facilities in Cleveland. Any kind of casting that a manufacturer may need is available there.

- Drive for Peacetime Jobs—Cleveland was one of the three pivotal centers of war production. At the peak, more than 60,000 men and women were employed in Greater Cleveland in government-owned war plants. The prime objective of local leaders of the Committee for Economic Development was to see that these war plants were converted speed-

ily from wartime to peacetime operation.

In 1944, Cleveland Electrical Illuminating Co.'s Industrial Development Division, at the behest of its chief, Robert Hienton, started to catalog these plants. Object was to find probable users for the plants that it felt certain would be idle when the war came to an end.

- War Plants Utilized—As of today two-thirds of this war-born industrial capacity is still in operation.

Most of the plant space not in production is in the 2,560,000-sq. ft. Cleveland Aircraft plant. Another big war factory may be converted to peace use; a large tractor company is considering taking over the Cleveland Pneumatic Aerol plant.

- Spreading the Benefit—In order to minimize the impact on housing, local transportation, and local educational systems, C.E.I. campaigned to diffuse the benefits of new industrial payrolls as widely as possible. The company also wanted to distribute the power load



During the war, E. L. Lindseth, president of Cleveland Electrical Illuminating Co., was chairman of Cleveland's Committee for Economic Development. Now he's the mainspring in the area's postwar development program.

ong its three widely separated plants. The company thus concentrated on developing new industrial areas in communities where zoning was favorable, where utilities were available, and where local governmental officials gave whole-hearted cooperation.

As a result of this planning, several new industrial areas are developing in Greater Cleveland. Several towns and villages have realized the benefits that accrue from a home-town industry.

New Industrial Towns—For example, Ashtabula, 50 mi. east of Cleveland, for many years was a "forgotten" town, industrially. During 1940, negotiations were started whereby the Ashtabula Industrial Corp. was formed to promote industrial employment in that community. (The 1940 census showed a 10% drop in population from 1930.)

The corporation started operations with \$22,000, raised by public subscription, as a nucleus. In six years it has purchased two idle plants and built two new plants. It has also helped provide land and other facilities for three other new plants. Total employment has gained 2,000.

Many Big Projects—A resume of some of the major industrial expansions now under way in Greater Cleveland, much of which is in the automotive and allied fields, shows:

B. F. Goodrich is building a \$2,500,000 research and development laboratory on a 150-acre tract 15 mi. south of Cleveland at Brecksville.

Standard Oil of Ohio has purchased a site for a project of similar size.

Diamond Alkali has acquired land for a similar project.

General Motors has purchased substantial



Another moving spirit in Cleveland's expansion project: Robert C. Hietton, director of Cleveland Electric's Industrial Development Division.

ANOTHER
BOSTITCH
EXAMPLE



Locking the Skeleton in a Bag SAVED 80% FASTENING COST



A manufacturer of high-quality airplane luggage uses Bostitching instead of hand-tacking to fasten the plywood skeleton, and saves 80% on the operation.

MORE BOSTITCH SAVINGS.

In thousands of other cases Bostitch is lowering fastening costs: attaching two lipstick holders to display cards for the previous cost of one... stitching leather to metal in a grease gun packing at a saving in time and materials of half the cost of using bolts and nuts... sealing corrugated cases of candy in half the former time.

WHAT DO YOU FASTEN? Whatever you have to fasten: metal, plastics, cloth, wood, paper or leather—in any

combination—you may find that one of the many versatile Bostitch machines can do it better and faster with wire.

Skilled research engineers, and 250 fieldmen in 91 key cities offer you the benefits of 50 years' Bostitch experience in solving fastening problems.

WRITE FOR THE FACTS. New Broadside 188 shows representative models of the 800 Bostitch stitchers, staplers, tackers, hammers... the world's most complete line. Write for your copy.



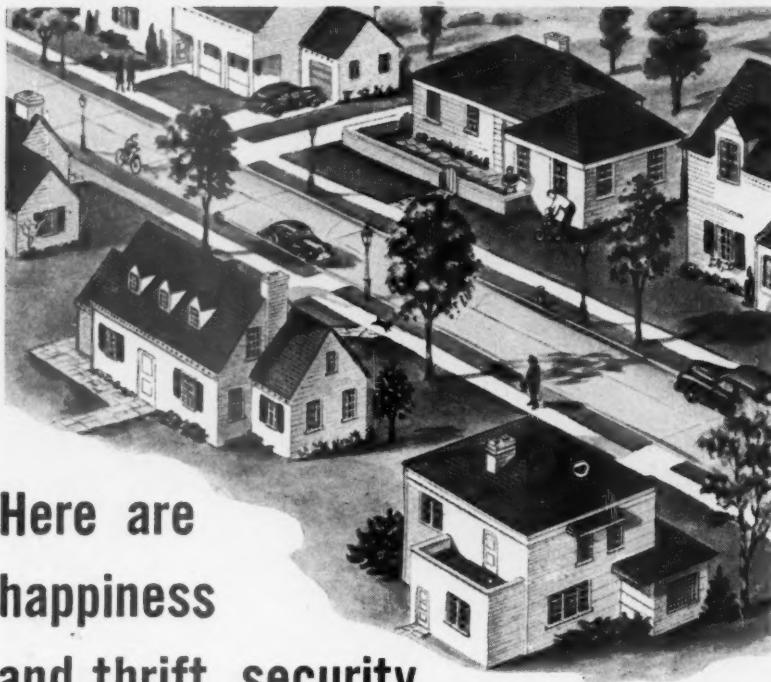
Bostitch (Boston Wire Stitcher Co.), 370 Mechanic Street, Westerly, R. I. (Bostitch-Canada, Ltd., Montreal).

Please send Broadside 188 on Bostitch time- and money-saving machines to:

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**Here are
happiness
and thrift, security
and comfort, because . . .**

CONCRETE HOMES mean freedom from fire loss

storm damage



depredations of termites.



CONCRETE also means freedom of architectural expression



low upkeep costs year after year



low heating expense



freedom from shakes and vibrations



high resale value



slow depreciation . . .

For your home, insist on CONCRETE FOUNDATIONS, WALLS,

SUBFLOORS—AND A CEMENT-ASBESTOS ROOF!

HOW TO GET A CONCRETE HOUSE—AND WHAT WILL IT COST?

To get information on a concrete house and its cost in your community, phone a local concrete masonry manufacturer for names of architects and contractors experienced in concrete house building. They know local conditions and can answer your questions about plans and costs. We'll send free booklet describing construction of concrete homes. Distributed only in United States and Canada.

PORLAND CEMENT ASSOCIATION

Dept. A1d-12, 33 W. Grand Ave., Chicago 10, Illinois

A national organization to improve and extend the uses of concrete
... through scientific research and engineering field work

acreage (at Parma and Brook Park) for two plants for its new Chevrolet-Cleveland Division.

Fruehauf Trailer is completing construction of a mammoth truck-trailer plant in Avon Lake.

White Motor purchased a government plant near its main Cleveland factory. It doubled the 200,000 sq. ft. capacity of the new factory and is now producing buses there.

Timken-Detroit Axle is building an 80,000 sq. ft. plant on a 45-acre tract at Saybrook.

Reliance Electric & Engineering is locating its marine division in a new plant costing \$1,500,000 at Ashtabula.

Glenn L. Martin is building a \$3,500,000 plant at Painesville to produce polyvinyl chloride.

Butler Bros., Inc., is building a new electrolytic-powered iron plant at Painesville.

B. F. Goodrich Chemical has purchased 325 acres in Avon Lake Village and built a \$650,000 plant for initial operations.

Electro Metallurgical recently purchased for \$5,050,000 the Ashtabula plant it operated during the war.

National Carbide is still operating for Rubber Reserve Co. the Ashtabula plant built during the war by Defense Plant Corp.

Thompson Products has purchased the 1,095,000-sq. ft. Cleveland plant it operated during the war.

Chase Brass & Copper has purchased for \$5,000,000 the 600,000-sq. ft. plant it operated during the war; in addition it is expanding its other two Cleveland plants.

When Figures Lie

Two West Coast cities show big drop in industrial workers, but statistics give a distorted picture. Each area is thriving.

A statistician poring over the employment indexes gets a disturbing view of the peacetime era in the two cities that experienced the greatest wartime expansion on the Pacific Coast.

In Portland, Ore., he finds that manufacturing employment was off 69% last year. San Diego, Calif., with a loss of 65%, was only a little better off. They were among the hardest hit communities in the United States—according to these figures.

• **Jobs Go Begging**—True as they are, the figures reflect distorted images. There are no breadlines in Portland and San Diego. And both cities share the fairly general experience that job openings outnumber qualified applicants.

Manufacturing employment is not a reliable criterion of industrial health in either city. Portland is primarily a warehousing and distribution center. Before the war the Census of Manufacturers counted 27,000 persons in factory jobs. Today there are twice as many. In the intervening years, three big

New Pages from the DUREZ Diary



● Turnabout is fair play. Metals have always been a vital factor in the production of plastics. Now here's an instance where the opposite is true. A Durez phenolic plastic employed as an integral part of the Budd Induction Heater which, in turn, is used for heat-treating internal diameters of metals, helps speed metal production.

In designing this modern bit of electrical ingenuity, Budd Induction Heating, Inc., stopped at nothing that would contribute to its efficient performance. Working with Michigan Molded Plastics, Inc., they accomplished with a Durez spe-

cial compound the feat of reducing a five-piece terminal assembly to a three-part one that combines the right "pattern" of properties and costs far less to produce.

Here was a situation calling for a really versatile material. Induction heating machines employ high-power, high-frequency currents. Accurate control is vital. The plastic material for such parts as this terminal assembly needs excellent electrical properties in conjunction with high impact strength. This Durez compound . . . one of more than 300 phenolic molding materials developed by Durez laboratory en-

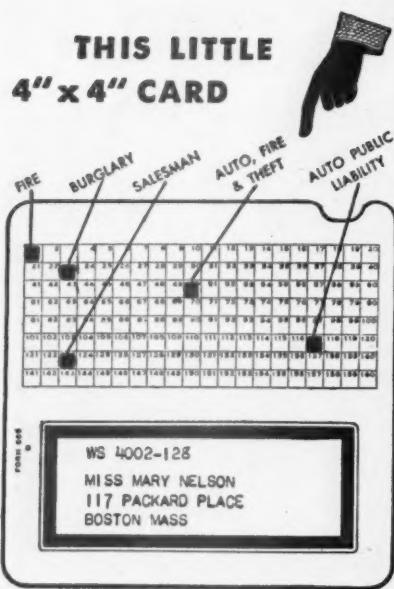
gineers . . . furnished the right combination of properties in addition to impressive savings in time and costly machinery.

This is a typical example of the way the Durez family of molding compounds is simplifying many of today's manufacturing problems. Heat resistance, dielectric strength, non-resonance, and impact strength, all inherent in Durez plastics, may be the answer for you. Durez laboratory engineers are ready to work on any of your problems that the phenolics may solve. Durez Plastics & Chemicals, Inc., 21 Walck Rd., North Tonawanda, N. Y.



PHENOLIC PLASTICS THAT FIT THE JOB

**THIS LITTLE
4" x 4" CARD**



**Saves Money
FOR ANY BUSINESS**

This 4" x 4½" Index Card prints its own addresses automatically as it runs through an Elliott Addressing Machine.

Fairfield & Ellis Insurance Agency of Boston, Mass. use the above card to record and control 160 different types of insurance.

The punched holes in the Index Card enable them to quickly prepare data for salesman's follow-up of specific prospects.

This same Index Card is also used for direct-mail advertising.

Thousands of other American businesses depend on these cards for both record and addressing purposes. This combination Index Address Card is the ultimate development of the addressing machine industry.

We have two interesting and informative booklets we would like to send you.

Elliott
ADDRESSING
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Do away with metal address plates and noisy addressing and embossing machines, and print better addresses faster, and quietly.

THE ELLIOTT ADDRESSING MACHINE CO.

151 Albany Street, Cambridge, Mass.

Kaiser shipyards were built and a number of smaller ones were expanded. This added 125,000 manufacturing jobs. With the end of the war shipbuilding slumped abruptly. Shipyard employment now has sloughed off to about 3,000. Thus, if you ignore the steep rise and fall in the employment curve occasioned by the rise and fall of the shipyards, you find that manufacturing is thriving—and at better than prewar pace.

• **Less Unemployment**—When the shipyards collapsed at the end of the war, it was feared that the bulk of the displaced workers would be stranded in Portland and left to gnaw at the unemployment insurance fund (BW—Nov. 11 '44, p17). Most of them still are in Portland. But they're far from stranded. Only about 3,600 people, on the average, are receiving unemployment compensation.

In the Portland metropolitan area, which embraces some adjacent counties, unemployment is lower than in 1940. Fewer than 20,000 are listed as unemployed, including war veterans and women. The U. S. Employment Service has 1,300 jobs, half in the trades and services, for which there are no takers.

• **City Still Congested**—In the 1940 census, the metropolitan area had a population of 400,000. War production industries ballooned that figure to 648,000. Now, with an estimated 600,000, the population is still 50% greater than in 1940. The city proper witnessed a 32% increase in population—from 305,000 to 403,000. It shows no sign of receding.

As a result, Portland has had little relief from wartime congestion. Restaurants and cafes still constitute a challenge to the itinerant. The Portland Chamber of Commerce is making a continuing study of business. This shows that sales by specified types of retail stores in the first eleven months of 1946 exceeded those in the same period of 1945 by the following percentages:

	Increase
Independent stores	26%
Department stores	26
Apparel stores	8
Food stores	14
Furniture stores	46
Hardware dealers	44
Restaurants	1
Drug stores	7
Grocery stores	13

• **New Industries**—Savings accounts grew \$1,500,000 a month during 1946. More than 150 new industrial concerns began operations in the year. Most of them are small. But they cover a wide field—dairy products, small tools, sheet metal fabrication, food processing, venetian blinds, oil burners, water heaters, building materials, surgical instruments, logging equipment.

The Willard Storage Battery Co. has a \$250,000 building scheduled for com-

pletion June 1. Fibreboard Products Inc., is ready to begin construction on new plant. Shell Oil has a new asphalt refinery in operation, and Standard Oil of California has another under construction. Quaker Oats hopes to build large cereal and feed manufacturing plant. Oregon Portland Cement Co. is doubling its capacity with a million-dollar expansion, and Pennsylvania Salt Co. is building a million-dollar caustic soda and fluorine plant.

• **Retains Its Vitality**—Portland stands on lumber, shipping, and aluminum as keystones in its economy. With the gradual depletion of neighboring Washington's forests, Portland within the past year has become the new center of the Pacific Northwest's lumber industry. Across the Columbia River at Vancouver, Wash., and a few miles upstream at Troutdale, Ore., the Aluminum Co. of America and Reynolds Metals Co., respectively, are turning out aluminum pig.

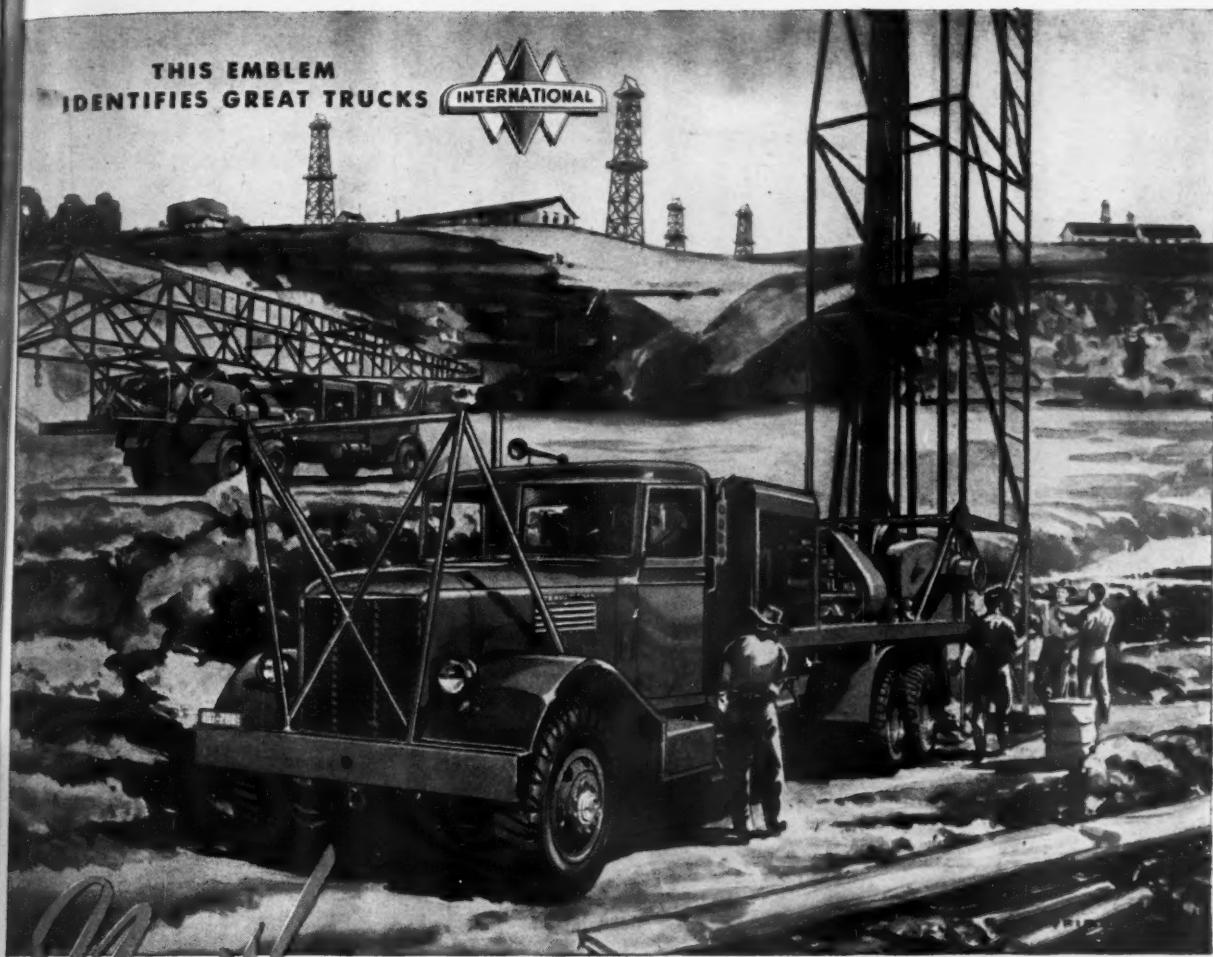
By every business criterion, Portland shows as much vitality as it did in the days when waves of midwestern war workers were engulfing the city to man



UNDERLINING A TREND

The appointment of Lucius T. Hill (above) as director of housing of the John Hancock Mutual Life Insurance Co. points up anew the interest of insurance companies in the housing business. Hill will supervise his company's big rental projects in Boston (BW—Oct. 12 '46, p50). A specialist in real estate he was previously a partner in the firm of Loomis-Sayles Co., Boston. During the war, he served as executive vice-chairman of the U. S. Treasury War Finance Committee.

THIS EMBLEM
IDENTIFIES GREAT TRUCKS



Now!

Giant, New INTERNATIONALS for Greater Oil Field Conquests

It's a mighty industry—the American petroleum industry! Part of its job is to provide petroleum for 30,000,000 American motor vehicles in addition to millions of urban and rural homes, factories, trains and ships.

And it needs big trucks for oil field exploration, drilling, development and maintenance.

For 16 years more heavy-duty Internationals have served all American commerce and industry, including petroleum, *than any other make*.

Now International announces four models that bring new capacity to oil field and all other extra-heavy off-highway hauling.

These giant trucks are stamina-packed, long-lived, easy and economical to operate.

Gross vehicle weight ratings are 40,000,

45,000, 65,000 and 90,000 pounds.

They are custom-engineered and custom-built.

They employ truck units that long have proved their value for off-highway hauling.

They offer three Diesel and two gasoline engines, eight transmissions and four auxiliary transmissions.

Their three-man cabs provide improved operating efficiency and driver comfort.

And back of these big haulers stands the famous service rendered by International Truck Dealers and International Branches.

Motor Truck Division

INTERNATIONAL HARVESTER COMPANY
180 North Michigan Avenue Chicago 1, Illinois

Internationals provide the right truck for every job!



In the complete International Line is the right truck for every job—right in size, right in type, and right in power.



Other International Harvester Products:

FARM TRACTORS AND
MACHINES . . . INDUSTRIAL
POWER . . . REFRIGERATION

Tune in James Melton on "Harvest of Stars" every Sunday! NBC Network.
See newspaper for time and station.

INTERNATIONAL Trucks





**... and here
is the POPULATION
CENTER of this**

**RAPIDLY GROWING
AREA**

**This is the
FASTESt GROWING
MARKET in the
NATION**



Isn't it obvious why top-flight Industry selects Santa Clara County?

It's no secret why Santa Clara County is outstripping the rest of the Pacific Coast in rate of industrial growth.

Manufacturers follow markets—and the Coast is growing far more rapidly than any other section of the country.

Santa Clara County's location is at the population center of this vast new market—and it's just good horse sense to locate in the center of things.

Best of all—the other advantages that make for profitable production and distribution are just as outstanding in Santa Clara County as its key location.

WRITE FOR THIS FREE BOOK

This 36-page book tells all of the vital facts about industrial Santa Clara County. We'd like you to have a copy. Write on your business letterhead.



DEPT. W — SAN JOSE CHAMBER OF COMMERCE • SAN JOSE 23, CALIF.

SANTA CLARA COUNTY California

The population center of the Pacific Coast



the shipyards. The shipyards are pretty well shaken out, but the newcomers are still there, with other jobs.

- **San Diego, Too**—On a slightly smaller scale, the same things may be said of San Diego. Of the 80,000 in manufacturing employment in 1944, only 19,700 remain in such jobs today. This is caused largely by curtailment of airframe manufacture from peak employment of 60,000 to around 7,500. Many of those displaced in factories gravitated to the trades and services. Others went to new businesses that have sprung up since the war.

Unemployment hovers around 23,500, about 30% of those receiving unemployment compensation. How many of the remaining 16,000 are actually unemployed, not even the USES can say. The classified columns of the newspapers still betray industry's shortage of labor.

- **Retail Sales High**—That few of San Diego's wartime visitors have returned to their former homes is evident from current studies. These peg the city population at 362,000, 78% higher than the 203,000 persons counted in the 1940 census.

Like Portland, San Diego still feels the strain on its housing facilities. Again, as in Portland, the retail cash registers mirror the blessings of a swollen population with folding money in its trousers. Department store sales hit a peak last May. They have receded somewhat, but still average, from month to month, about 12% over sales of a year ago.

The Navy establishment, at nothing near its wartime stature, is still San Diego's principal "industry." It accounts for a payroll of \$90,000,000, one-third of which goes into civilian hands.

- **Looking Ahead**—San Diego is eager to clear the decks for a resumption of its tourist industry. This lucrative source of income was virtually cut off during the war. But there is a natural hesitancy to encourage too many tourists until additional housing can relieve some of the pressure on hotels.

Like Portland, San Diego is one of the few war-congested cities that looked ahead and spent money for surveys of postwar rehabilitation prospects (BW-Febr. 23 '46, p44). It emerged from the war period with at least a hazy outline of a plan for providing jobs.

- **Hopes for Federal Aid**—Hobbled by the same peacetime frustrations that have impeded other areas, San Diego has made little progress in its plan. But it hasn't stopped thumping the tub for:

- (1) Army improvement of Mission Bay, which would provide a lot of jobs and incidentally create a recreational area for the city; and

- (2) Federal assistance in construction of a low-level highway east to the agriculturally rich Imperial Valley.

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Southern Lure

Small towns plan for stable economic future by organizing community development groups to aid manufacturers.

Alexandria and Monroe, Ga., recently announced plans for formation of community development corporations to bring in outside industry. They raised the number of such organizations formed or projected in the South since the end of the war to 23.

The corporations represent a professional approach to the problem of industrializing small southern communities. They tackle the job scientifically by concentrating on plants that can logically expect to prosper in the community, have good credit ratings, and are likely to stay put.

• **Working Methods**—With capital raised by sale of stock or bonds, the development corporations construct or purchase factory buildings. Usually the stock or bondholders are local people. Officers are likely to be a cross-section of small-town business.

Factories owned by the corporations are leased or sold to industries. Lease terms generally cover ten years, with monthly rentals running roughly 1% of the building's cost. Under most contracts, the operator may buy at any time during the ten years and have paid-in rental counted against the price.

• **Going Concern**—Typical of these efforts at industrialization is the work done in Georgia by the Marietta Industrial Assn., Inc. This was organized in 1945. Marietta businessmen liked the wartime sales volume made possible by payrolls of the Bell bomber plant; they wondered how they could keep the town alive industrially when Uncle Sam stopped making aircraft. Their answer is a small-town version of the big, prosperous Louisville Industrial Foundation, in operation for 30 years.

Only a little more than half of its \$100,000 capitalization has been paid in, but the corporation already has achieved notable results. Supplementing its capital with bank loans, it has purchased one, built three factories at a cost of \$108,000. They are now in use by manufacturers of furniture, apparel, metal signs, and ceramic products. At full production these industries will distribute a total payroll of \$300,000 yearly among 200 employees.

• **Contract Provision**—Under the usual prewar schemes for attracting industry, tax exemptions were handed out without thought for the town's future needs. Marietta's contracts provide that the manufacturers pay taxes, insurance, utility charges and maintain buildings.



■ A 50% cotton fiber paper, Resolute Ledger is rugged. It withstands heavy use, has good writing and erasing qualities and is an excellent moderately priced paper for machine bookkeeping and other semi-permanent records of moderate importance . . . such as inventory, payroll, production and social security.



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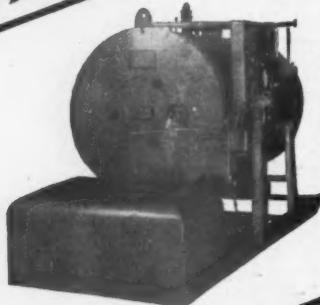
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STEAM-PAK
YORK-SHIPLEY
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PRECISION COMBUSTION

STEAM-PAK GENERATORS SIMPLIFY THE PROBLEMS OF INDUSTRIAL HEATING

All the steam or hot water you want—when you want it, where you want it, at uniform pressure. That's the Steam-Pak story.

Gone are the days of obsolete and cumbersome hand-fired or semi-automatic boilers and big, space-wasting boiler rooms... the Steam-Pak changes all that.

Instead, use several Steam-Paks in different departments or floors of the building—thus decentralizing the heating or process steam plant for economy and better operation.

Unbelievably compact, fully automatic Steam-Pak Generators are not on the planning boards—they're being built right now! Let York-Shipley engineers plan your new boiler rooms. Industrial Division, York-Shipley, Inc., York, Pa.

Catalog ID-47-8A tells the sales story; Catalog ID-46-1A the technical details. Write, stating which you want mailed.

YORK-SHIPLEY

Oil-Fired Equipment for Industry

America's Most Complete Line
of Oil-Fired Equipment

PRODUCTION

Mechanical Muscles Needed

Industry helps cut labor costs and speed production by greater use of modern equipment to move materials through plants. Exposition shows new products, urges more palletizing.

Makers of materials-handling equipment say that 22% of the average plant's labor bill goes for moving materials into, through, and out of the factory. This estimate may be a little high; but it's not far off the beam. That's why plant managers are bending every effort to reduce the percentage of nonproductive labor. Their principal method: more mechanization.

• **Speeds Production**—And they find that mechanization does more than save direct labor cost. It speeds manufacturing and increases worker safety.

Such mechanization can help outside the plant, too. Quicker loading and unloading of freight cars is useful, particularly in the present freight-car shortage. The Assn. of American Railroads recently stated, "If the average time it takes each car to handle the load can be reduced one day, industry would have available the equivalent of 100,000 additional cars."

• **Need for Economy**—During the war mechanization of materials handling got a big boost because of the need for speed. The Navy Bureau of Ordnance helped by standardizing packaging, handling, and storing methods.

Now, the urge is based mainly on economy. Industry is putting pressure on equipment makers to supply more cranes, hoists, trucks, conveyors, and pallets (movable platform for group handling). The response was demonstrated last week at a four-day institute and exposition in Cleveland. This was the first show to concentrate on "mechanical muscles" for industry. It was sponsored by the National Materials Handling Assn.

There were many "on-the-spot" demonstrations. In addition, there were technical sessions to impress on industry the thesis that efficient handling must be planned and systematized; preferably it should be planned when factories are in the blueprint stage. It was pointed out that efficient handling offers a ready means of cutting manufacturing costs and that it is readily adaptable to automatic control.

• **Improved Equipment**—New products were shown, but most of the exhibits stressed improvements made in existing equipment.

Builders of industrial trucks, both powered and hand, dominated. In that field, Moto-Truc of Cleveland displayed



For over-the-road trucks, Anthony Co., Streator, Ill., offers the war-born hydraulic "Lift Gate" for easy loading and unloading. It enables one man to do the work of several, becomes a tailgate automatically when raised.



This device for easy loading, the "Canton" crane, product of Hill-Acme Co., Cleveland, can be moved readily from one position to another.

a pallet truck fitted with wheels in the ends of the fork to make it adaptable for use on floors where boards are separated, as in refrigerator cars. Forward and reverse motion of the truck is controlled by roller type control handles. Push buttons mounted in the ends of the handle regulate lifting and lowering of pallet forks.

The same company introduced its new high-lift telescopic truck stabilized with two front outboard casters. The motor head unit is cantilever mounted to hold the front drive-wheel down to the floor.

- Power Jacklift—Lewis-Shepard Products, Inc., Watertown, Mass., introduced two new products, the power jacklift and its 4,000-lb. electric power truck. Both are designed for close operating quarters.

The jacklift is built in pallet and regular platform models. Quick, positive-action braking is featured.

Using a 48-inch fork and with a 48-inch load, the fork truck can enter a 12-foot aisle and, in one continuous forward travel, make a single right angle turn, and right angle stack. There's no need for backing or filling.

- New Hydraulic Lift—in addition to its line of "Trans" moving equipment, Automatic Transportation, Chicago, showed its new fork truck with hydraulic "Sky Lift" (picture, page 42). The electric truck has automotive type controls; the lift is capable of tiering to ceiling heights in low-clearance buildings or boxcars.

Also shown was the company's new motorized hand truck, which operates on a standard-size battery.

- A Mechanical Unloader—Towmotor Corp., Cleveland, demonstrated a device which mechanically unloads a fork-



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AIM STRAIGHT FOR THIS**

Symbol of Service

WHETHER you need steel by the pound or the ton, you can rely on our nine conveniently located warehouses to give you the best possible service. And if you require help in solving problems of selection, application or fabrication, our metallurgists will be glad to assist you in every way.

Remember, this label is truly a *Symbol of Service* for all steel users. Whatever you want in steel — Hot Rolled or Cold Finished Bars, Structural Shapes, Plates, Sheets, Alloy Steel, Stainless Steel, Tools, Machinery, etc. — your best bet is to contact our nearest warehouse.

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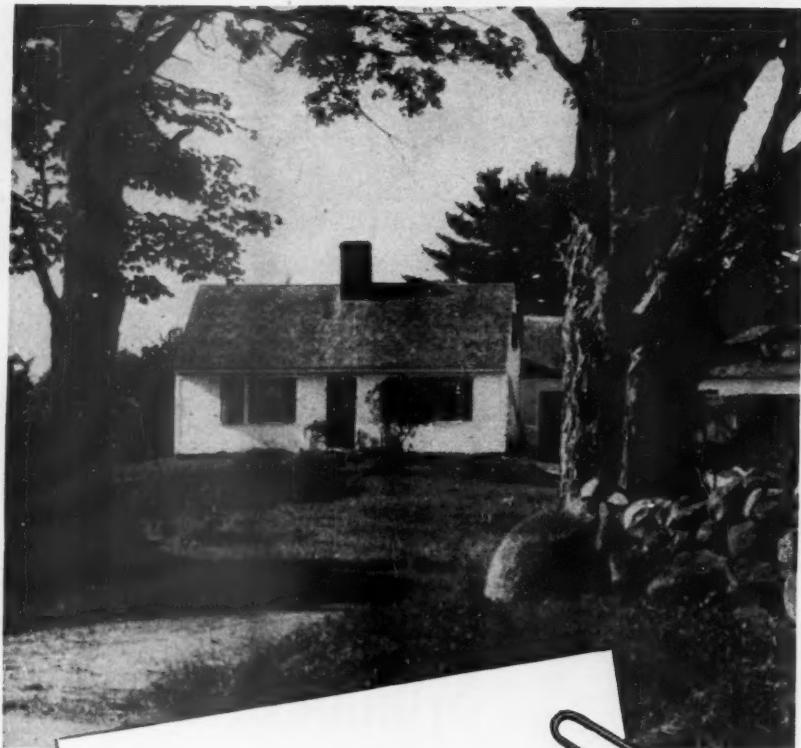
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TWIN CITY NEstor 7311

NEWARK (1) Bigelow 3-5920

REctor 2-6560 BErgen 3-1614

UNITED STATES STEEL



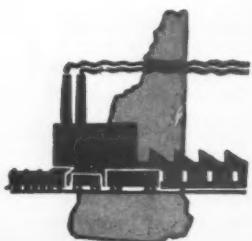
Do you know
who lives here?

If your industry is located in New Hampshire he may be one of your employees. This neat home is typical of those enjoyed by average workers in one of New Hampshire's pleasant manufacturing communities. In the neighborhood are good stores, excellent schools, well-attended churches, and close by, some of the world's most beautiful recreation country. Little wonder New

Hampshire people work well
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To such inherent advantages add the nation's most stable income, low power rates, fine transportation to important, nearby markets, a superb highway system that keeps traffic humming every day of the year, and you'll understand why so many firms find New Hampshire ideal for plant location.

You'll want to read the informative booklet, "A Plant in New Hampshire." Just address: Edward Ellingwood, Industrial Director, 745 State Office Building.



Locate your new plant in
NEW HAMPSHIRE
"Where there's a Plus in every pay envelope"

State Planning and Development Commission, Concord, New Hampshire

lift truck with or without pallets in a single sweeping motion.

A new power-operated hand-lift truck and pallet truck were announced by Barrett-Cravens Co., Chicago.

On display was an electric-lift, electric-travel truck, operated by batteries; the operator walks with the truck and controls it by a cam on the steering handle. It is a new development of Yale & Towne Mfg. Co., Philadelphia Division.

• **Heavy-Duty Trucks**—Powered industrial trucks with some new features and attachments were put through their paces by Elwell-Parker, Cleveland. One was rated at 25 net tons capacity for forgings and dies.

Crescent Truck Co., Lebanon, Pa., demonstrated its new "Lo-Lif-Toer" truck.

The Baker-Raulang Co., Cleveland, showed its specially designed articulated fork truck for warehousing and car loading.

Lyon-Raymond Corp., Greene, N. Y., by using aluminum alloys and formed parts, saved weight in its new hand-type hydraulic pallet-lift truck. A second new product of this company is the telescopic hydraulic elevating table with a telescopic cylinder arrangement which adds up to greater range of elevation. This increases the versatility of the equipment.

A hand truck made of aluminum alloy castings (but with a steel nose) is a new product of Thermoil Co., Trenton, N. J. Its wheels are mounted on ball bearings and have solid rubber tires.

• **Conveyors Modernized**—Conveyor makers plugged loud and long for use



Automotive-type controls and high-pressure hydraulics feature the new "Sky Lift" demonstrated by Automatic Transportation Co., Chicago. Scheduled for early production the truck will stack to a height of 130 in.

Hidden Costs

The financial penalty of inadequate materials handling and inefficient packaging can run into big numbers.

• C. M. White, president of Republic Steel Corp., cited an example to members of the National Materials Handling Assn. Of 800 orders, totaling 250,000 tons, which were checked during a given month, 37% did not conform to standard packaging practice. The penalty: an additional cost ranging from 21¢ to 54¢ a ton to prepare and handle. For that month, \$50,000 was chalked up as total loss.

In another case, shipping and materials-handling costs were reduced 32% as compared with 20 years ago, despite a 119% rise in labor rates.

• Charles M. Parker of the American Iron & Steel Institute stated at the same meeting that the steel industry handled 68 tons of material for every ton of finished steel.

of their products for moving materials over a fixed course between fixed points. The growing capacity of conveyors was stressed, as was adaptability of any one of a dozen types to existing plant facilities.

E. W. Buschman Co., Cincinnati, introduced its new portable belt conveyor, "Hustler"—not available for customers yet—as well as its recently developed overhead trolley conveyor, used principally for light loads through painting and drying processes.

• Operated by Foot-Rock Engineering Co., Pittsburgh, presented a hydraulic utility conveyor table; it can carry one-to five-ton loads and steel sheets from 3 ft. to 10 ft. in length. The lift is foot operated, leaving the operator's hands free to move the sheets or strips.

Recent developments in gravity and belt conveyor lines by Rapids-Standard Co., Grand Rapids, Mich., included a hinged section for gravity conveyors; it permits passage of personnel and equipment through long conveyor setups. A roller gravity conveyor, recently introduced to handle material not adapted to wheel-type gravity conveyors, was also shown.

• Wheel Shock Absorbed—Bassick Co., Bridgeport, Conn., got across the story on its "Floating Hub" shock-absorbing wheel construction to provide resiliency between the rim of the wheel and the axle. Bassick said a feature of the "Floating Hub" is that it didn't shimmy.

In another of Bassick's exhibits were grooved wheel castors, developed during the war to operate on angle track. Be-

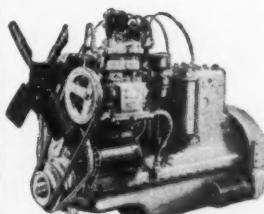
POWER BY


Red Seal
Engines
CONTINENTAL

BUILT
FOR THE JOB!



Red Seal Transportation Engines HAVE WHAT IT TAKES



Continental produces 29 specialized transportation engines—gasoline and Diesel types—overhead valve as well as L-head—4- and 6-cylinder models.

On a wintry night, it's that extra punch of Red Seal power that sees you through. And in the broad line of Continental Red Seal transportation engines, there's at least one that fully meets the needs of any transportation job. These engines are powering light and heavy trucks, buses, and specialized transportation units in ever-increasing numbers. They're available in a wide range of horsepower—in both gasoline and full diesel types. They are rigidly built for longlife—for dependable, economical operation—and they're backed by 45 years of specialized engine manufacturing experience.

Continental Motors Corporation
MUSKEGON, MICHIGAN

45 YEARS' SPECIALIZED EXPERIENCE BUILDING ENGINES FOR TRANSPORTATION, INDUSTRY, AVIATION AND THE FARM



INCIDENTS FROM SMITHway PRESSURE VESSEL RESEARCH



Nonferrous weld ductility increased from 16% to 40%

IN metallic arc welding of heavy plates of certain nonferrous metals—phosphor-bronze, for instance—metallurgists long since found that commercially available welding electrodes produce welds of uncertain quality.

Such welds tend to be high in porosity, low in ductility, and are subject to dangerous cracking.

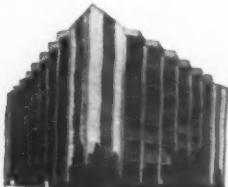
These shortcomings severely limited the use of welding for the fabrication of pressure vessels subjected to high temperatures and high pressures.

During the war the ability to weld nonferrous heavy plate satisfactorily became so vitally important that several A. O. Smith laboratories undertook a concentrated study of the subject.

Their answer was relatively simple, and conclusive. With three carefully controlled techniques they succeeded in eliminating porosity, overcoming the tendency to crack, and they increased the ductility from an average of 16% to a new high of 40%—without loss in tensile strength.

The techniques included pre-treatment of the welding electrodes, closely controlled procedure and welding sequence, and a unique form of post-welding treatment of each welding pass.

The important fact, however, is that through immediately available integrated research, another pressure-vessel fabrication problem was solved promptly, successfully, and practically.



A. O. Smith Research and Engineering Building, Milwaukee



New York 17 • Philadelphia 5 • Pittsburgh 19 • Atlanta 3
Chicago 4 • Tulsa 3 • Houston 2 • Seattle 1 • Los Angeles 14
International Division: Milwaukee 1

MAKERS OF AUTO FRAMES • PRESSURE VESSELS • LINE PIPE • OIL-WELL CASING • BREWERY TANKS
WELDING EQUIPMENT • TURBINE PUMPS • PETROLEUM METERS • AND OTHER PRODUCTS

cause of economy in installation, easy handling, and easy control this type castor is branching out from the aviation industry into other fields.

• **Strapping Tools**—Industry was given a lesson in the value of individualized, private-brand, colored strapping. New time-saving strapping tools and counters were shown also.

A tool that does the whole strapping operation in two easy natural motions of the arm was demonstrated by the Stanley Works of New Britain, Conn.

Acme Steel Co., Chicago, showed its new No. 3 Steelstrapper which can be operated on a flat surface of 5 in. It weighs less than 7 lb. The tool has two levers—one for tensioning and the other to seal and cut.

A new semiautomatic strapping machine was displayed by Signode Steel Strapping Co., Chicago.

A. J. Gerrard & Co., Chicago, demonstrated the value of colorband strapping for identification and proper dispatch of materials to various departments, especially when such materials are palletized. Another new product of this company was its fiber-and-steel strapping—a steel core sheathed in kraft paper; it is for product protection.

• **Drive for Palletizing**—The question of whether to palletize was definitely settled for industry during the war when the government got behind this handling technique. Since that impetus, a keen competition among pallet makers has developed. At issue are proper materials for pallets, their design, and even their salvage value. Already in the field is one company operating a pallet pool for rental.

Exposition visitors had the value of



HOT BLOTTER

To dry inks in the fabric-printing industry, Goodyear Tire & Rubber Co. offers a giant blotter of rubber. It's an 187-lb. electric heating pad, 30 ft. long, 65 in. wide, producing 8 kw. of thermostatically controlled heat. Sheets of conductive rubber—rubber compounded with carbon—are insulated between nonconductive sheets.

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bullets dinned into their ears by Pallet Sales Co., New York, pioneers in the industry, and by Truscon Steel Co., Youngstown.

Versatile Hopper—Fab-Weld Corp., Philadelphia, introduced newly designed pallets and similar products. Its new self-dumping hopper can be for batching, eliminates handling of parts and scrap by manual labor, can be stacked to save floor space, and can be handled by overhead crane, hand-lift or fork-lift truck. It is made of carbon steel—or stainless steel for the food industry.

Fab-Weld's eight-way, steel-wire pallet (made with a top deck of wire mesh) uses No. 2 wire with No. 0 wire as a reinforcer around the sides. Legs are of wire. In static tests the pallet has handled loads of 40,000 lb. without damage or failure. The 48x48-in. size weighs about 70 lb. The same type pallet is marketed by the Tri-State Engineering Co., Washington, Pa., under its own trade name.

Crane in the Hall—Cranes and hoists are being dressed up and streamlined.

Hill Acme Co., Cleveland, was fortunate in having a product—its "Canton" crane (picture, page 41)—that could be operated in Cleveland's Public Hall. Builders of big overhead cranes had to be content with picture displays.

ERASABLE SOUND TRACK

Export departments of motion picture companies are studying the magnetic sound tracks now being developed by Armour Research Foundation of the Illinois Institute of Technology. Magnetic sound track used on a film made in English could be erased and rerun with foreign-language dialogue. Thus any single copy of a film might be used for several language groups.

The track would be equally adaptable to home movies. It is a thin coating of magnetized powder which is glued to the film's edge. On 35-mm. film the strip is 1/10 in. wide; on 16-mm. film, 3/100 in. wide.

Magnetic sound tracks are slightly more expensive than the optical variety, which do not increase the cost of film. But proponents of the new development say this is more than offset because magnetic tracks can be erased and dubbed with new sound if an error is made. Much less film winds up on the cutting room floor. The final recording can be monitored while it is being made. No processing is required.

The 36 licensees of Armour Foundation could produce the magnetic track. One of them is Indiana Steel Products Co. (BW—Dec. 21 '46, p. 64), which recently announced a tape recorder using a magnetic flux. With some mechanical and electrical modifications, optical and magnetic sound tracks could be used interchangeably.

Here's all you need to know

About Paper for Records and Correspondence

IF IT'S A WESTON PAPER—made by Byron Weston Company—it is a cotton fibre paper.

IF IT IS A COTTON FIBRE PAPER—made wholly or in part of strong, durable cotton fibres, it has the appearance, endurance and excellent working qualities so essential to paper for important business records and correspondence.

EVEN IF IT COSTS MORE than you have been paying—paper is such an infinitesimal item in the cost of doing business that you can not afford to encrust important records and correspondence to anything but the best.

Ask your printer, stationer or paper merchant to supply Weston Papers precisely adapted to the varying life and service needs of your business records and forms and for letterheads that carry important correspondence and information worth keeping.

BYRON WESTON COMPANY, Dalton, Massachusetts

Use WESTON Papers for RECORDS like these

ACCOUNTING FORMS
CONTRACTS
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MINUTE BOOKS
PERSONNEL RECORDS
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REQUISITIONS
SALES RECORDS
STOCK RECORDS

Weston

Makers of Papers
for Business Records



NEW PRODUCTS



Cold-Roll-Forming from SHEETS or COILED STRIP

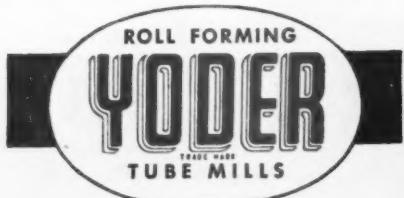
- FOR**
- ☛ Uniformity
 - ☛ Light Weight
 - ☛ High Strength
 - ☛ Fine Finish
 - ☛ Low Cost
 - ☛ Low Inventories

Cold-rolled shapes, because of many important advantages, are playing an increasingly important role in mass production of things made from metal.

Airplanes, autos, trucks, buses, railroad coaches, building construction, gas and electric appliances, farm equipment, furniture, fixtures, toys and a thousand other products are made lighter, stronger and better with roll-formed structural and ornamental shapes, tubing, panels, moldings, and trim.

Get the facts about the automatic, high-speed, modern method of roll-forming—ask for literature on Yoder Roll-Forming, Tube Mill and Accessory Equipment for production-line coiling, slitting, forming, welding, curving, embossing and cutting-off. Yoder machines come in many sizes, highly standardized after 36 years of outstanding development.

THE YODER COMPANY
5530 Walworth Ave. • Cleveland 2, Ohio



Germicidal Vaporizer

Perfect-O-Mistor, an electrically operated device that generates antiseptic vapors, is now being produced by Perfection Stove Co., 7609 Platt Ave., Cleveland. The machine produces a vapor composed of ozone and pinene, which is said to be beneficial in the prevention and cure of many respiratory and skin troubles. The manufacturer reports that numerous laboratory tests have established the safety and germ-killing properties of the vapor.

Availability: immediate delivery, state of Ohio only.

Improved Die Set

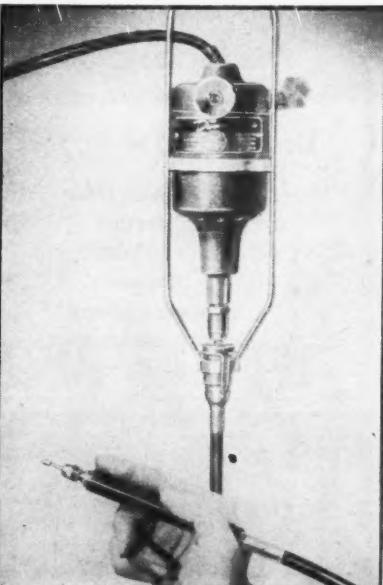
Adjustable, phosphor-bronze guide-post bushings feature the new die set offered by A. W. Grunow Co., 563 White St., Orange, N. J. The bushings are adjusted by a patented lock-ring method. They can be replaced in a few minutes at low cost, the manufacturer reports. Punch holder and die shoe are made of S.A.E. 1020 steel. Edges are flame-cut.

Availability: sizes to order.

New Hand Tool

A new electric hand grinder called the Duplex is announced by Dumore Co., Racine, Wis. The tool has the dual purposes of serving as a straight hand grinder or as a flexible shaft tool. The conversion attachment consists of a hanger in which the Duplex is clamped, and a 36-in. flexible shaft which fits into the motor unit.

Power for the grinder is provided by

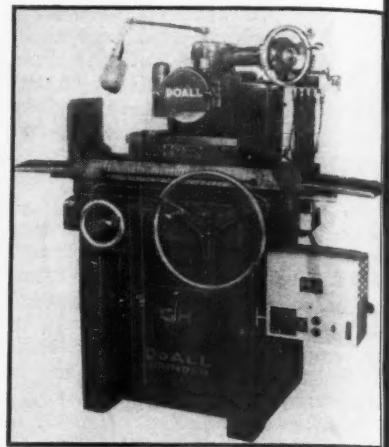


a $\frac{1}{4}$ -hp. motor. A variety of accessories is available.

Availability: immediate delivery.

Surface Grinder

Hardened gears running in needle bearings feature the DoAll hand-operated surface grinder, model GH, recently announced by DoAll Co., DePlaines, Ill. A one-inch cross-feed screw



and the elevating screw operate through four-inch bronze nuts to minimize wear.

Working area of the table is $6\frac{1}{2} \times 19\frac{1}{2}$ in., with a maximum work height of 12 in., using the standard $7 \times 1\frac{1}{4}$ -in. grinding wheel. Automatic lubrication is provided by gravity-feed oiling.

Availability: delivery in five weeks.

Big Digger

Designed for quarrying, mining, and large-scale construction projects, the Marion 93-M is a heavy-duty, all-purpose shovel, dragline clamshell, and crane. The shovel, manufactured by Marion Ohio Power Shovel Co., is rated at $2\frac{1}{2}$ cu. yd. It converts to auxiliary services.

Front-end equipment includes an all-welded, rounded-edge, box-section boom and a manganese-steel front dipper. For dragline or clamshell service, varying boom lengths and bucket combinations are available. A live boom hoist is standard equipment, making the machine particularly adaptable for crane service.

Availability: in production; orders being taken.

Adjustable Tape Dispenser

Cellulose and acetate fiber tapes can now be dispensed in definite lengths by Tape-Saver, a new device manufactured by A-L-B-E Engineering Co., 82 Main St., West Orange, N. J. The machine,

stamped of stainless steel, takes either a 1-in. or 3-in. tape core and dispenses the tape in lengths of $\frac{1}{8}$ in. to 3 in. Tape is ejected from the machine, cut off and ready to use, by pressing a lever.

For use in production lines, the dispenser can be adjusted to cut long strips perforated at required lengths.

Availability: immediate delivery.

Smokeless Coal Heater

A smokeless coal heater designed to consume all fuel gases is the product of Moore Corp., Joliet, Ill. A cross-draft principle introduces air at one point only, above the grates. Part of the air moves down through the unburned coal to meet a second current which has traversed the bed of live coals. Both then meet a third stream of air; this is said to promote full combustion. Volatile gases and smoke are forced through flame to utilize their heating value and eliminate the possibility of their being dissipated through the chimney.

Operating cost is reported to be one-half that of old-style coal heaters. According to the manufacturer, the new heater will burn 16 hours on high firing with only one loading, and 72 hours on low fire, or banked. The consumption rate is from 4 lb. to 10 lb. of coal hourly, depending on the size of the heater. Three models of the new unit are being produced.

Draft manipulation is handled by one simple control which also exercises thermostatic regulation.

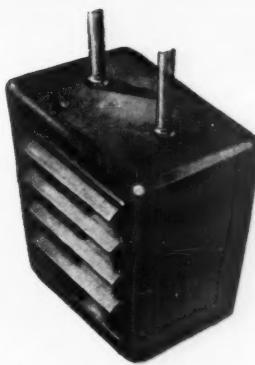
Availability: deliveries beginning in May.

No-Slip Crutch Tip

Gripshur is an invention intended to prevent crutches from slipping. The device, a steel safety tip, is applied to the crutch end and can be quickly adjusted by a quarter turn. Sawtooth edges grip snow, ice, wet pavements, and other slippery surfaces. Peck In-



heating costs go down



...when unit heaters go up!

VICTRON

Typical applications for
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Unit Heaters



Movie Projectors



Centrifugal Pumps



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Oil Burners



Automatic Draft Regulators



Blowers for Gas Burners



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fhp "Customotors"

furnish dependable peak power for unit heaters!

Placed overhead in garages, filling stations, stores, bowling alleys, small factories and other buildings, space-saving unit heaters are clean, economical, efficient . . . the modern way to slash heating costs.

Manufacturers of unit heaters specify Victron fhp "Customotors" for dependable peak power under the toughest operating conditions. Their experience proves that "Customotors" mean longer service and top performance for their products.

Backed by 20 years of motor making experience, Victron "Customotors" meet the most rigid specifications . . . attain the highest efficiency rating for pole-type motors. Custom-built, designed for the application, every "Customotor" is an example of precision engineering and quality materials.

Our specialized knowledge is yours to tap if you've a problem involving fhp motors. Write or Call—

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FANS—VICTRON AIR CIRCULATORS—VICTRON EXHAUST
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INCORPORATED
Cincinnati 9, Ohio



DESIGNED TO YOUR SPECIFIC NEED!

Generalift PALLETS

One workman and fork lift truck do the work of many. Instead of picking it up and laying it down, moving it piece by piece—many items can be consolidated into single loads, palletized, moved as one.



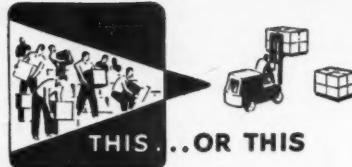
ENGINEERED SHIPPING CONTAINERS

General Box Company

GENERAL OFFICES: 502 N. Dearborn St., Chicago 10, Ill.
DISTRICT OFFICES AND PLANTS: Brooklyn, Cincinnati, Detroit, East St. Louis, Kansas City, Louisville, Milwaukee, New Orleans, Sheboygan, Winchendon.

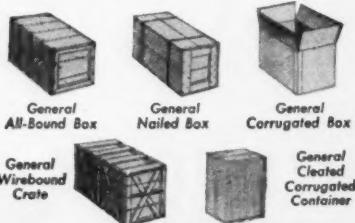
Continental Box Company, Inc.: Houston, Dallas.

ECONOMIZE . . . PALLETIZE . . . GENERALIZE!



That's why so many thousands interested in the speedier and more efficient handling of materials, components, and finished products are turning to pallets. That's why you, too, should check on this important subject today.

Generalift Pallets, Skids, and Lift Boxes are made of sturdy hardwood construction. Designed for long life, rough handling, extra heavy loads—made to your specific requirements. For complete information, write for free Pallet Booklet.



dustries, Inc., P. O. Box 3923, Cleveland 20, is the manufacturer.

Availability: delivery in two weeks.

Photographic Analyzer

An aid to photographers is the combination densitometer, illumination meter, and calculator manufactured by Weston Electrical Instrument Co., Newark, N. J. It is designed to appraise the value of negatives in terms of density and contrast range.

The analyzer is useful in matching the correct grade of paper to any particular negative and in determining correct printing exposures. In color work the device enables the operator to con-



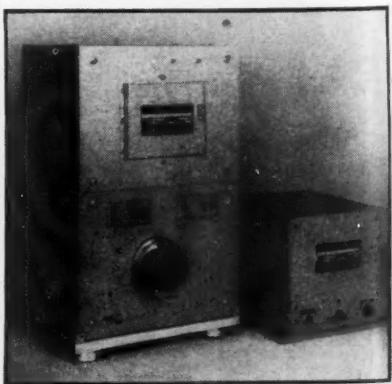
struct his own time-gamma curves and balance the printing times of color-separation negatives.

A removable photocell can be used as an illumination meter to determine the meter-candles of light on the enlarger easel when the enlarger is set to any combination of magnification and diaphragm opening.

Availability: delivery beginning Mar. 1, 1947.

Television for Industry

The Utiliscope, developed by Farnsworth Television & Radio Corp., Fort Wayne, Ind., and Diamond Power Specialty Corp., Detroit, utilizes television in industrial plant control. The device shows on a screen in the main control room an exact picture of operations at a remote, inaccessible, or dangerous point in the plant. The picture is con-



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book-of-the-minute for millions

... another St. Regis Paper product



Probably no other book in America is consulted so often by so many different people as the local telephone directory. To millions of people every day this hard working volume is indeed a book-of-the-minute, for in half-a-minute it gives information that saves countless minutes in business and personal communications.

St. Regis supplies over 50,000 tons of paper a year for the nation's phone books . . . a tonnage that would fill a freight train more than 20 miles long. Almost all the separate editions serving the thousands of communities east of the Rockies are printed on St. Regis Directory paper — exceptionally opaque and light in weight, but able to withstand the roughest handling. From pulp-wood grown on its vast timberlands, St. Regis also produces printing papers for leading national magazines, mail order catalogs, business forms and telegraph blanks and many other large scale needs.

As the variety and volume of requirements have increased, St. Regis has steadily expanded its production and research facilities . . . providing more and better wood cellulose products for the growing needs of business and industry.

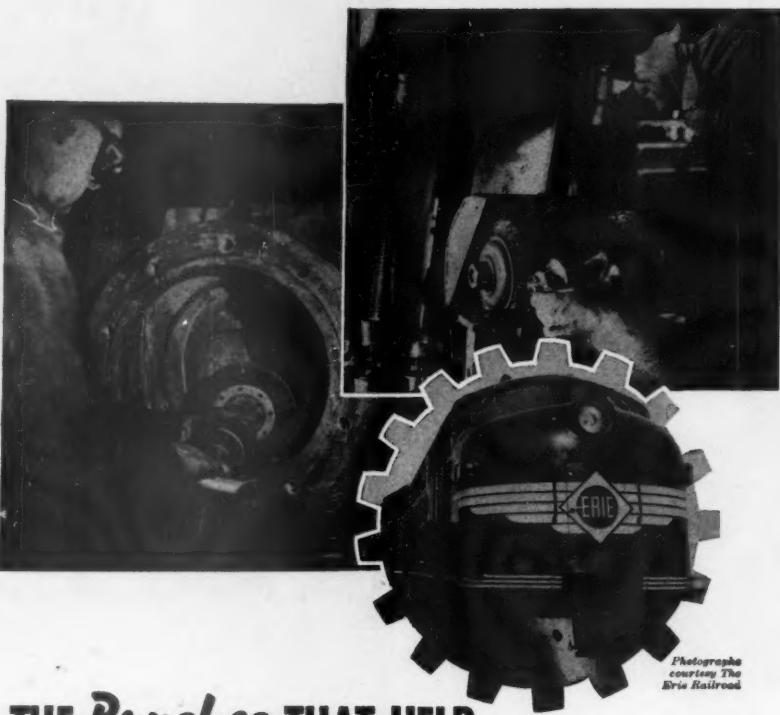
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Offices in NEW YORK • CHICAGO • BALTIMORE • SAN FRANCISCO and 20 other industrial centers
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*Photographs
courtesy The
Erie Railroad*

THE Brushes THAT HELP A RAILROAD KEEP Geared for Action

OSBORN BRUSHES ride the rails, help keep the rolling stock rolling for modern-minded Erie. In the Meadville shops alone, newly equipped with all the latest-type production and maintenance devices, brushes play an important role in department after department.

They deburr threads, clean and polish gauge cocks, globe and feed valves on air brakes. They help keep signalling and other safety equipment up to par. They're kept busy, day after day, conditioning and reconditioning welding torches—the most important single repair tool along a railroad's entire right-of-way.

When you see a railroad train, you don't think of the power brushes that help keep it rolling along on schedule. Neither do you think of brushes when you see an automobile, a typewriter or a telephone. Yet without power brushes and modern brushing techniques, all these articles (and almost any others you can think of!) would be more costly to make and maintain.

In almost every industry, Osborn brushes can help speed up manufacture, cut costs—and produce a better more uniform, more saleable product.

Why not get the facts today as applied to your business? Without obligation, of course!

THE OSBORN MANUFACTURING COMPANY

5401 Hamilton Avenue

Cleveland, Ohio



WORLD'S LARGEST MANUFACTURER OF BRUSHES FOR INDUSTRY

tinuous, and there is said to be no measurable lag between transmission and reception.

Complete installation weighs 121 lb. It includes four units: camera with deflector, two small power units, and a monitor or viewer. Except for the pickup tube—the Farnsworth Image Dissector—all tubes used are standard.

Availability: deliveries beginning in February.

Folding Ladder

A lightweight, collapsible ladder has been placed on the market by Gepfer Ladder Co., 1400 E. 22nd Street, Cleveland. It is made of aluminum tubing rungs and extruded aluminum side rails; weight is reported to be 40% less than a conventional wooden ladder. When not in use, side rails are folded together, and the rungs fit into the extruded sections.

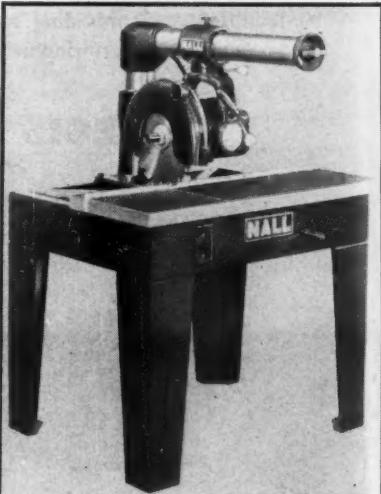
Open, a 20-ft. ladder measures 20 ft. x 2 1/4 in. x 15 in.; closed, the dimensions are 21 ft. x 2 1/4 in. x 2 1/2 in. A snap action locks the ladder in either the open or closed position. The ladders come in standard lengths up to 28 ft.

Availability: immediate delivery.

On-the-Job Woodworker

Designed for use on the job by building contractors, the Nall Radial Woodworker is manufactured by Equipment Engineering Co., division of the Nall Corp., St. Charles, Ill. It is adaptable to ripping, cross-cutting, mitering, beveling, or combination cuts. Advantages claimed are savings in time and labor; greater cutting accuracy than with handwork; and the elimination of delays when precut lumber is required.

Mechanical features include: a carriage mounted on three endless chains of hardened steel balls; automatic indexing of yoke and arm; a chromium-plated steel column and arm; and dust-sealed parts.



MARKETING

Chains Stage a Comeback

Their share of total retail food sales rose in 1946, after dropping steadily throughout the war. Independents must now cut costs to compete. Cooperative buying may be the answer.

Chain grocery stores are rapidly regaining the sales they lost to independents during the war years.

• **Decline and Rebound**—In 1941, 39% of the country's total retail food sales of \$9,604,000,000 were made by chain outlets. (The Dept. of Commerce, which compiles the statistics, defines a chain as a group of four or more stores, jointly owned and operated, and practicing central buying.) During the next four years, as total food sales rose steadily, the chains' share got smaller and smaller. In 1945 they got only 31.1% of the business (chart, page 56).

But last year, when the return of once-scarce merchandise plus rocketing prices brought a new high in total retail food sales (estimated at \$18,462,000,000), the chains sold 34% of it. Dollarwise, chain stores bettered their

1945 record by 31.6%; independents achieved only a 15.4% increase.

• **Explanation**—The reason, bluntly put, is that chains were faster on their feet. Many independents, particularly the smaller ones, were slow to recognize the end of their wartime bonanza, when sales and profits topped their wildest dreams. For four hectic years they had operated practically at capacity; they could sell at full price (or even better) everything they could lay hands on, often including old stock that chain stores would have cleared out long since. Yet their expenses had remained relatively fixed. Rents were at ceiling, for example, and even labor costs were fairly stable, because grocers could not find additional help to hire.

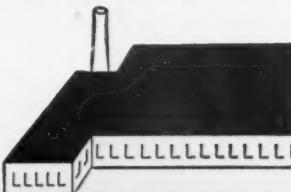
The chain stores' sharp comeback is due basically to the same factors that



NOW FOR THE FEMALE OF THE SPECIES ONLY

The 86-year-old building of the New England Museum of Natural History is the latest example of investment in retail property by insurance firms (BW—Jan. 4 '47, p48). It was acquired recently by the New England Mutual Life Insurance Co., and promptly handed over on a 15-year lease to Hoving Corp., which will turn it into "Bonwit Teller, Boston." Hoving will alter the interior into a specialty store like others in its rapidly growing chain (BW—Jun. 8 '46, p78), leave the exterior of the building unchanged. The three-story property is on Boylston St. in Back Bay's fast-growing uptown shopping center.

ASSETS



FOR INDUSTRIAL EXPANSION

In Columbia, South Carolina you will find every important asset for the successful operation and growth of your business.

LABOR

Abundant labor is available, both male and female, averaging 99.3% native-born. Workers have proved their efficiency in textiles, furniture, tobacco and war industries. They are easily trained, loyal, friendly to management.

Other Columbia assets: Quick, dependable transportation to major markets and seaports; ample electric power; excellent water supply; mild, snow-free climate.

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And more: You'll find in Columbia an unusual degree of cooperation and interest in your success—and it's just as evident after you locate here as before. We are prepared and eager to conduct local surveys, to assist in locating and obtaining satisfactory industrial sites, to help you with building plans—in short, to serve in any way we can, without obligation.

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Columbia, S. C.
Telephone 4-1026

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SOUTH CAROLINA

Purr-fecti~~on~~ IN SILENT MOTORS



Quiet-Room Tests Put R & M Motors On R. C. A. Recording Machines

How silent can a motor be? R.C.A. engineers found out! In exacting tests of leading makes, Robbins & Myers hysteresis motors proved themselves the quietest of all.

More Silent than a Speck of Dirt

They operate so noiselessly that were a grain of dirt to find its way into a bearing, the rattle of this minute particle rolling around would be heard above the motor.

Little wonder that all R.C.A. ultra-quiet recorders are now powered by these R & M silent, synchronous motors. There's no hum to cause objectionable undertones; no vibration. Smooth torque is transmitted to the record plate through a soft rubber pulley on the motor shaft. Requirements are unusually precise—yet these motors meet them fully.

Short-Cuts for You

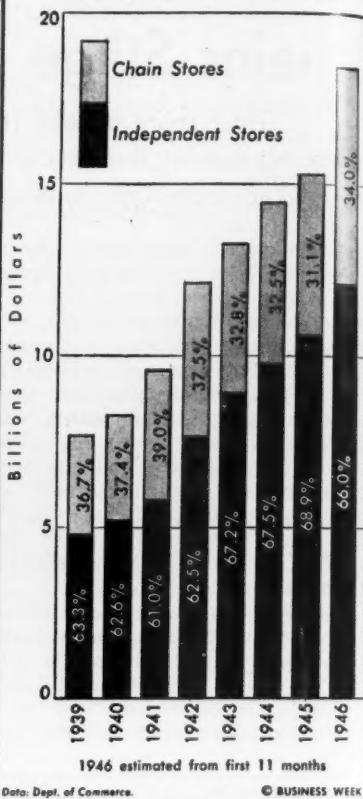
Special-purpose R & M motors have been "making records" for many years on all kinds of unusual jobs. Whatever the service, R & M experience and R & M cooperation mean short-cuts to motor satisfaction. If you are a builder of motor-driven equipment, this is know-how that can help you, too. Put your motor problems up to R & M.

ROBBINS & MYERS, Inc.

SPRINGFIELD, OHIO • BRANTFORD, ONTARIO
MOTORS • HOISTS • CRANES • MACHINE DRIVES • FANS • MOYNO PUMPS

GROCERY REVERSAL

Chains' share of retail sales starts upward after wartime lag



Data: Dept. of Commerce.

© BUSINESS WEEK

gave them their big boost back in the depression years of the early 1930's. As merchandise became plentiful, as consumer incomes tapered off and the cost of living climbed, housewives went back to comparative shopping. They were ready once again to walk an extra block and carry an extra package to save an extra nickel.

• **Prospects for Independents**—To food marketers this by no means forecasts the eventual eclipse of independent food stores. The independents still have some aces up their sleeves. For one example, their labor costs still lag behind those of chains—while unions organize by towns rather than by types of stores, they naturally gun for big game first.

Much more important, however, is the strength which the independents can achieve by cooperative action in buying and merchandising. This may be either in a voluntary chain organized by some enterprising wholesaler, or in a nonprofit cooperative group organized by the retailers themselves. The latter are usually affiliated with the National Retailer Owned Grocers, Inc.

It is commonly acknowledged in the trade that either type of organization, if efficiently managed, can deliver goods to independent grocers at a low enough cost to enable them to resell at prices

SAL
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34.0%
31.1%
66.0%
1946
WEEK



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So you noticed there is *such* a difference in calculators.

Yes, that's exactly what I told the boss... order a Friden for me, with all its exclusive *fully automatic* features.

The thing that really surprised me was how *easy* they are to operate... after less than *15 minutes instruction*

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New cars are not immediately available... but Fridens are worth waiting for, too! Just have him telephone the local Friden Representative... today."

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FRIDEN CALCULATING MACHINE CO., INC.

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competitive with those of chains. The growth of such groups as these was checked during the war because of merchandise shortages, but they are now due for a healthy spurt.

- **Trend to Self-Service**—Another sign that independents, or at least the more progressive ones among them, do not intend to take chain store competition lying down is the current trend toward "superettes." These are moderate-size self-service stores, usually doing up to about \$5,000 in weekly sales. They are a variation of the supermarket, which independents introduced when chain stores began to encroach seriously on their sales, and which the chains subsequently copied. By converting his counter-service grocery to a superette with self-service, an independent frequently can effect economies up to 5% of his sales.

Progressive Grocer, a trade magazine, found ample evidence of this trend when it published a book, "Self Service in Food Stores," last fall. The initial 7,500 print order was sold immediately from a single mention in the magazine and one direct mail solicitation to half of the 66,000 subscribers. Enough interest was apparent to warrant a second print order of 15,000 copies of the book.

Womrath's Goal: Big Stores, Nationwide

For Womrath's Bookshops & Libraries, Inc., business boomed last week. But the commodity for sale was bookstores, not books.

In a newspaper advertisement, the New York book chain announced plans to sell several stores as part of a proposed modification of its merchandising policy. By midweek the executive offices were swamped with prospective customers.

- **Twin Goals**—Womrath's new scheme of things consists mainly of two objectives: putting the chain on a nationwide basis, and concentrating on stores with a big yearly take. A string of stores grossing between \$75,000 and \$200,000 is the goal of the expansion. As a preliminary to the program, Womrath's will jettison ten of its smaller outlets.

At present Womrath's consists of 40 retail stores of various sizes. All are in the New York metropolitan area. When the expansion is completed, the 50-year-old bookselling company hopes to have at least the same number of large stores throughout the country.

- **Immediate Objective**—Plans for 1947 include the acquisition of four new stores. Of these, two will be in the \$200,000-yearly-gross category, two in the \$75,000-to-\$100,000 bracket.

Exact location of the new stores is

still a secret. B. G. Nemeroff, board chairman, disclosed only that they will be in large cities, in the Midwest as well as in other parts of the country. The company is contemplating purchase of other chains.

• **Competitors**—In becoming a nationwide chain, Womrath's will compete with Doubleday and Brentano. Doubleday has 20 branch stores, some as far west as Detroit. Brentano, which began to expand in the 1880's, now has 27 branches in the United States and one abroad. Current estimates of annual gross receipts place Womrath at \$3 million, Doubleday at \$3½ million, and Brentano's eastern chain of book stores at \$3¾ million.

BUTTER DISPOSAL SET

The Dairymen's League Cooperative Assn. has announced what it will do with its mammoth butter holdings (BW Jan. 11 '47, p60). Its members in New York State will get a chance to buy them. This, says the league, was its plan all along.

The league's five-day spree of butter buying brought in 668,000 lb. It also brought charges that the co-op and four of its officers had violated the Commod-



CURB COLLECTION PLATE

The parking meters of Ashland, Ohio, have an extra job these days. They're collecting for the March of Dimes campaign of the National Foundation for Infantile Paralysis. As drivers stick in the coin that insures them parking space, a sign on the meter reminds them to give a dime for a good cause. And it's a contribution, nothing more. Since the meters don't operate on dimes, the giver is not entitled to extra parking time.

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the *Max Factor-Hollywood* Christmas Package makes Max Factor Christmas Sales something to wonder at.



This is the attractive red and gold Max Factor Gift Package, by Ritchie. It effectively contains, displays and glamorizes Max Factor products.

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★ FIBRE CANS
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Let Ritchie help you develop a better package at low unit cost. A practical, production-planned package that instantly identifies, fully protects and conveniently dispenses your product. Easy to fill or pack—to handle, to display—but above all an attractive SELLING package.



Peaches in January

In no other country are so many kinds of food packed in cans or glass for home consumption.

Most of the processes for preparing canned fruits and foods demand heat, so that in the canning industries, there are countless American Thermometers.

They are preferred by canners—first, for their enduring accuracy, and then for quick, easy reading. The wide-angled construction permits the maximum amount of light to pass through the glareless glass.

Another great advantage is the "sealed" case which prevents moisture or dust from entering to dull or interfere with the clear sharpness of the scale.

If you have need for industrial thermometers of any type, tell us your requirements and we will recommend the correct installation for you.

American Glass, Dial and Recording Thermometers are sold by leading distributors everywhere. Write to them or to us for information.



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Old Crow
Rye or Bourbon, Bottled in Bond
4.5 Quarts \$9.00

WHITE SCOTCH \$5.93
Bottled in Bond
Old Scotch, 100 Proof
1.75 Pint \$1.75
Bourbon
Old Crow, 100 Proof
1.75 Pint \$1.75

New York dailies are blazoned with advertisements that indicate uncertainty in the pricing of premium whisky: Two retailers are offering the same rye at a \$2 price differential. The industry is nervous lest the price cutting in the quality trade may later be reflected by a similar trend in the blends.

ity Exchange Act. Their trial is on next week's calendar in federal district court, New York. The league's buying ended with an announcement that it had assured a January farm price of \$5.46 a cwt. for fluid milk in the New York milkshed; the price of market milk there is largely determined by the price of butter.

So far the league has disposed of 100,000 lb. through trade channels. The rest is now being distributed to the co-op's city and country milk plants. The distribution is limited to New York State where the co-op has 20,000 members. There are 6,000 others in adjoining states.

Plant managers will price the butter in keeping with local markets, but the league hopes to come up as close as it can to its buying prices of 84¢ on four days, 84½¢ on the fifth. The price of 92-score butter, the grade the league bought, has since dropped to 62½¢ a lb. Thus the league's paper losses could add up to \$125,000. But by holding the fluid milk price at \$5.46, the league made an estimated \$200,000 for its members.

PHOTOGRAPHY AT WORK

Recognizing photography's growing importance as an aid to industry, the Eastman Kodak Co. has established an Industrial Photographic Sales Division. The division is responsible for developing, selling and servicing special Kodak products for industry. Among these are camera equipment and sensitized materials.

Liquor Shakeup

Pressure for fair-trade regulation grows as increased retail competition and sales slowdown bring price cuts.

The liquor trade's honeymoon of decontrolled prices and production was short lived. It has carried the industry quickly into an era of changes in its marketing system. Even in the distilling end of the business a sense of uneasiness is uppermost.

The range of possible changes is wide. Most likely is intensive price competition, which has been expected (BW-Nov. 16 '46, p50). And, for the first time since repeal, there may be widespread shifts in the lineup of states with private- and public-operated liquor stores.

• **More Regulation?**—A far-reaching pace-making shift could come in New York. The State Liquor Authority, currently under attack from New York City's mass-circulation Daily News, is quietly discussing compulsory fair-trade regulations. State laws give S.L.A. power to require fixed prices. The only exception is retailers' private brands. Thus the state could press home regulations that would reduce the area of competition.

Pressure for this move has at least three roots:

(1) The industry's production capacity is far greater than before the war.

2) At least a third of the ex-G.I.'s found retailing an attractive voca-
prefer the liquor business, accord-
to Licensed Beverage Industries,
a trade association.

5) There is a popular conviction that
distribution of liquor is lucrative,
especially as total sales of alcoholic bev-
eages (liquor, wine, beer) ran as much
as \$8.4 billion in 1946.

Distillers' Output—Wartime need for
industrial alcohol pushed U. S. distill-
capacity skyward. As a result, the
industry produced nearly 20 million
of whisky and neutral spirits last
October from only enough grain for 34
years' operations. Grain-short distillers
bent out beverage spirits at the rate
of 240 million gal. a year in 1946 be-
fore the Dept. of Agriculture removed
the grain handicap from the industry.
October's rate is not far short of what
the industry produced in full-time op-
eration in 1936, when it hit a prewar
inner total of 245 million gal.

But increased production does not
mean a ready supply of aged spirits.
Mature stocks have ebbed to a point
where the industry prefers to use them
largely for blending with neutral spirits.

Prices Down—Scarcity of aged products
led many liquor dealers in post-
control, pre-Christmas weeks to hike
prices. But those prices have now slipped
back nearer to the old OPA level.
Current quotations of less than \$6 a
bottle for Scotch, less than \$5 for straight
bourbon and rye, are in sharp contrast
with prices ranging up to and even beyond
\$10.

Price slashing in premium lines is the
kind of outbreak the industry and state
liquor law administrators hope to avoid
in blends. Retailers are heavily stocked,
and there are more of them now than
ever before. The situation is ripening
to the state where retailers might start
price wars.

Excise Trouble—There is uncertainty
about alcohol excise taxes; it could back
up liquor stocks in the first half year.
President Truman's year-end declaration

ONE OF
12
WOOD-LOK®
FEATURES

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WOOD-LOK is a liquid RESYN* glue for
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to the three main reasons for 'chilled'
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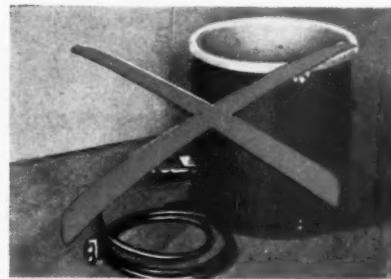
First: Glue Heating. **WOOD-LOK** is used
cold. Therefore, its bonding quality is
never weakened by constant reheating. It
provides a strong, uniform film that does
not shatter or pull away from one wood
surface.

Second: Wood Heating. **WOOD-LOK** is
used cold. Therefore, it is not necessary to
attempt to preheat the wood uniformly
over steam coils or in heated chests. **WOOD-LOK**
will not congeal too rapidly on cold
wood.

Third: Shop Overheating. **WOOD-LOK** is
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WOOD-LOK is ready to use as received.
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HAMILTON PAPERS



that hostilities are ended would automatically terminate a wartime tax of a gal. (60¢ a fifth) on July 1; this would be a one-third reduction.

The President has asked Congress to continue the special excises, and Congress has indicated it will go along. Even so, consumers are likely to stay away from heavy pre-July purchases unless excises definitely are extended.

• **Retailers Multiply**—Distillers have seen their sales rolling along while larger floor stocks at the selling end already indicate a slowdown in sales. Seven state monopolies lifted rationing (BW Jan. 11 '47, p62) to meet the situation. But increased stocks and a greater number of private licensed stores form a troubling combination.

The rush for new licenses has continued since V-J Day, and there is little to show that it is tapering off. So far the increase in store numbers has drawn open comment from the industry control officials. But New York's State Liquor Authority is withholding new licenses. The trade sees the licensure moratorium, which expires Apr. 1, as a means of holding off new competition. The S.L.A. says this isn't so, that it is taking time out to renew existing licenses and permits.

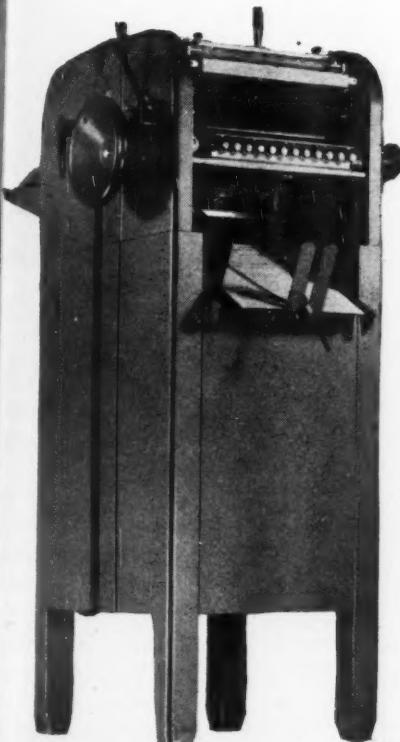
The state licensed nearly 680 new package retailers last year to top 1,000 states in the increase in retail stores. New York's gain came largely in the metropolitan area (chart, page 61) where package stores went up 465; drink-serving outlets, 825.

Licensed Beverage Industries lists five states with increases between 250 and 600 in package stores. These are Louisiana, 591 more; Connecticut, 383; Florida, 290; Georgia, 274; and Indiana, 250. Wisconsin was one of the few to report a decline. The number of stores there dropped 462, cutting in half the 927 stores licensed in mid-1945.

• **State Monopolies**—State-owned stores in 16 monopoly states (Wyoming, the 17th, wholesales only) decreased in number. The total of 4,651 in midyear of 1945 shrank to 3,646 in 1946. The U.S. total for all types of stores now runs about 37,000.

In two monopoly states, Michigan and Ohio, plans are under way to surrender the monopolies, apparently for political reasons. State distribution is under consideration in four others where private-license selling now prevails: Arkansas, Florida, Indiana, and South Carolina. In Arkansas, the proposal is for monopoly at wholesale in place of the present six licensed wholesalers.

Monopoly proposals stem in part from a desire to enrich state treasuries. Indiana's present alcoholic control commission, however, is under political fire. Allegations of political discrimination in licensing have flared, and monopoly is a suggested remedy.



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FINANCE (THE MARKETS—PAGE 102)

Nation's Banks Reconvert

As deposits slip from wartime peak, bankers get ready to go after "new business" the hard way. Profits on securities drop; operating costs rise. Loan income is all-important.

Commercial banks, just as most other businesses, enjoyed a "seller's market" during the war.

Deposits climbed to one new peak after another. And they went up under their own power; bankers didn't have to give much push. It was relatively easy to invest the deposits profitably, too; a large part of them could go into "riskless" holdings of federal, or federally guaranteed, securities. The result was better-than-average earnings.

• **Back to Normalcy**—Few of the bankers thought this condition would outlive the war by many months. They were right; it started to evaporate soon after V-J Day (BW-Jul.20'46,p76).

Deposits dropped off; new ones didn't come in without aggressive "new business" activity. In general, this was caused by the approach toward peace-time normalcy. Specifically, it was accentuated as the Treasury drew down its big war loan accounts; these had long inflated bank deposits.

Income from federal securities declined as the Treasury retired some of

its debt. So the banks have had assume "normal" loan risks to hold their profits.

• **Big New York Banks Hit**—The widespread effect of these changes on the national banking structure (stronger now than it has been for the past three years) is apparent in the present flow of year-end bank reports.

Leading New York City banks have been particularly affected by the switch to a peacetime economy. Aggregate deposits of Manhattan's 15 largest banks, for example, dropped off 17% in 1946. The nationwide list of billion-dollar banks reported only a 14% decline (box). Loans of the big New York institutions revealed a 12% dip. Treasury bond holdings were 22% lower.

New York's biggest deposit declines were reported chiefly by banks which previously had received above-average war loan funds. New York Trust experienced a 26% drop, Guaranty Trust 24%, Central Hanover 23%, Chase 22%, Irving 22%, Bankers 21%, and Chemical 19%. Least affected were

The 1946 Billion-Dollar Bank Club

The roster of the nation's 15 largest commercial banks—all with deposits of \$1 billion or more—gained no new members in 1946. But the American Banker's tabulation (below) showed a lot of reshuffling within the group. Chief reason: shifts in war-loan accounts.

Rank
Dec. 31,
1946

1	Bank of America (San Francisco)
2	National City (New York).....
3	Chase National (New York)....
4	Guaranty Trust (New York)....
5	Manufacturers Trust (New York)
6	Continental Illinois (Chicago)...
7	First National (Chicago).....
8	Security-First (Los Angeles)....
9	Central Hanover (New York)...
10	Bankers Trust (New York).....
11	First National (Boston).....
12	Chemical (New York).....
13	National Bank of Detroit.....
14	Bank of Manhattan (New York)....
15	Irving Trust (New York).....

The most drastic change involved the Big Three. Manhattan's Chase National, long the nation's biggest bank, found itself No. 3 by the 1946 year-end. No. 1 was California's Bank of America, runnerup in so many earlier years. No. 2 was National City of New York, third a year ago.

Rank	Dec. 31, 1946	Deposits	
		Dec. 31, 1945	Dec. 31, 1946
1	\$5,415,849,715	\$5,339,307,098	2
2	4,664,102,604	5,143,422,244	3
3	4,495,303,512	5,742,179,806	1
4	2,501,513,458	3,309,452,507	4
5	2,286,946,694	2,555,885,573	6
6	2,038,434,994	2,646,721,524	5
7	1,961,745,697	2,347,702,804	7
8	1,633,051,837	1,654,455,926	10
9	1,500,183,881	1,842,737,478	8
10	1,390,589,699	1,749,590,469	9
11	1,324,685,418	1,578,278,116	11
12	1,226,822,541	1,524,160,575	12
13	1,095,361,796	1,258,522,559	15
14	1,055,451,016	1,290,314,214	14
15	1,021,002,334	1,303,269,219	13

Wall Street's National City. Its deposits were down only 9%.

Declines Are Widespread—Few large banks in other key cities had much to complain about.

Philadelphia, Chicago, and Boston had 16% to 23% deposit declines. A sampling of Dallas, Milwaukee, Atlanta, Oklahoma City, Toledo, St. Louis, St. Paul, and New Orleans bank reports reflected 13% to 21% dips.

West Coast Better—From California and the Pacific Northwest came some of the best 1946 showings; this in face of the huge wartime deposit gains of those areas (BW—Sep. 7 '46, p. 76).

San Francisco's Bank of America, for example, reported a small deposit gain in 1946. In Los Angeles the Security First (16th largest American bank in 1942, eighth now) lost only 1% of its deposits. U. S. National of Portland and Seattle-First National declined only 6% and 8%.

Helping to explain these showings is



UPWARD STEP

The Society for Savings in the City of Cleveland, which describes itself as the oldest, largest mutual savings organization west of the Alleghenies, has a new president, 45-year-old Marvin B. France (above), former first vice-president, who came to the 98-year-old house in 1934. He succeeds Henry S. Sherman, new board chairman. A prominent figure in the Investment Bankers Assn. and American Bankers Assn., France served until recently on the executive committee of the A.B.A. savings division.

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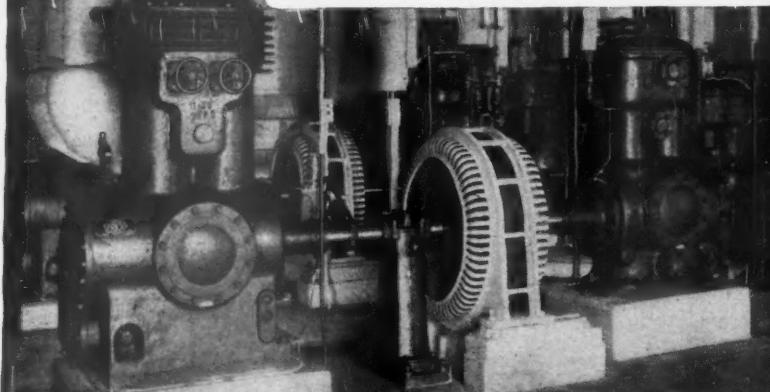
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the chain bank status of this group. Each operates many units in other than big cities. The smaller units in chain normally carry more individual and small-business accounts than industrial deposits. Bank of America and Security-First have also always had large savings and time deposit accounts.

- **Impact on Earnings**—Obviously, cessation of war financing, nosediving Treasury deposits, and large-scale federal debt retirement had an effect on 1946 bank earnings.

These factors caused material lightening of bank holdings of Treasury securities last year. And they caused loans against government issues to dealers and others to drop off sharply.

But some other factors also had impact on 1946 revenues. Last year's 100% margin rule governing stock trading (page 102) further reduced security loans. Ending of the bull market caused profits on securities to slip under their previous levels. Income from recoveries on earlier charge-offs of "bad assets" dropped off. Bank operating costs shot up sharply.

- **Some Cushioning**—However, 1946 had important compensating factors. The rise in other-than-federal deposits did much to cushion the drop in war loan accounts. The treasuries sold to offset declining government deposits were largely low-yield, short-term issues. Holdings of the better-yielding longer-term governments weren't greatly disturbed.

Nor did the drop in security loans prove too serious. The commercial banks rapidly returned during 1946 to their normal function of supplying credit to business. Last fall saw them virtually inundated by loan requests (BW-Dec. 7 '46, p92). By the year-end, industrial, commercial, and agricultural loans had skyrocketed 42% above 1945 levels to almost \$10,300,000,000. And to help matters further, 1946 saw a slight hardening in interest rates.

- **Earnings Under 1945**—As a result, earnings were generally satisfactory last year even though many banks failed to equal profits of 1945, the best banking year since 1929. For example, the Big Four of banking made good records:

Bank of America earned \$3.93 a share in 1946 compared with \$2.88 in 1945. National City had a \$21,300,000 net despite a \$3,600,000 drop in its profits on securities. Chase, with security profits \$6,100,000 lower, had \$21,100,000 earnings against \$26,500,000. Guaranty earned \$20,100,000 vs. \$22,300,000, although profits on its 1946 sales of securities dipped \$3,100,000.

- **Outlook for 1947**—One important feature of 1946 operations was the rise in importance of income from loans as a producer of earnings. Further expansion of this trend will be seen in 1947.

The Most IMPORTANT Million in a Most IMPORTANT Market

Selling Significance of SELECTED Mass Circulation

Facts for SALES-Minded Men



Chicago Daily News Families Are Divided Into the Following Income Groups:

Over \$7,499 10.8%
\$5,000 to \$7,499 . . 13.9%
\$3,000 to \$4,999 . . 39.6%
\$2,000 to \$2,999 . . 23.3%
Below \$2,000 12.4%

These figures were obtained by an independent survey, conducted exclusively among regular Daily News readers, representing a valid cross-section, house-to-house sampling.

Chicago is a BIG city—hence a BIG market. This BIG city's favorite HOME newspaper is the Chicago Daily News. It has more than a MILLION readers. That's a BIG audience.

But the size of the Daily News circulation is not its only merit. There is another and greater one. The MASS circulation of the Daily News is SELECTED circulation. The full meaning of the word SELECTED is quickly apparent when you read the figures in the INCOME PANEL at the left of this text.

Even a five-minute study of these figures will impress—and convince—any sales-minded man. They speak volumes—sales volumes. They outline a rich CONCENTRATION of buying power. They identify people who can buy not alone in quantity, but who can enjoy a great variety of purchase.

Sales-minded men will talk to Chicago's most IMPORTANT million first, through the SELECTED mass circulation of the Daily News.

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JOHN S. KNIGHT, Publisher

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LOS ANGELES OFFICE: 606 South Hill Street
NEW YORK OFFICE: 9 Rockefeller Plaza

DETROIT OFFICE: 407 Free Press Building
SAN FRANCISCO OFFICE: Hobart Building

THE
NATIONAL CITY BANK
OF CLEVELAND

Statement of Condition

DECEMBER 31, 1946

ASSETS

Cash and Due from Banks	\$115,413,060.16
United States Government Obligations	208,511,714.73
Other Securities	11,453,258.02
Loans and Discounts	104,455,856.16
Investment in Banking Premises	1,528,515.25
Customers' Liability on Acceptances and Letters of Credit	1,529,430.94
Accrued Interest	885,747.56
Other Assets	190,929.05
	<hr/>
	\$443,968,511.87

LIABILITIES

Capital Stock (625,000 shares)	\$10,000,000.00
Surplus	10,000,000.00
Undivided Profits	3,162,399.39
Reserves	3,375,704.41
Acceptances and Letters of Credit	1,529,430.94
Accrued Interest and Expenses	815,383.70
Deferred Credits and Other Liabilities	507,726.88
Corporation, Individual and Bank Deposits	\$306,332,544.75
Savings Deposits	61,668,573.28
Trust and Public Deposits	26,624,578.60
U. S. Government War Loan Account	19,952,169.92
	414,577,866.55
	<hr/>
Contingent Liability on unused loan commitments	\$443,968,511.87

NOTE: United States Government obligations carried at \$49,854,763.59 are pledged to secure trust and public deposits, U. S. Government war loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

**COMING SOON:
Katy Will Offer a New, Convenient
TRAVEL CREDIT-CARD PLAN**

A arrangement now being refined to completion will soon provide even greater convenience for Katy travel patrons. These new conveniences contemplate: Phone orders, free delivery, on request, of Railroad and Pullman tickets. An arrangement under which qualified holders of Katy Credit Cards may "Sign" for meals and service in Katy Diners. Pay for tickets with personal or company checks. Another step in the Katy's plan to provide the ultimate in service and convenience to patrons. Watch these pages for further details. Meanwhile, when you ship or travel, Use Katy!



ON THE CUFF

Last week, the Katy, seeking a fair share of the travel business, announced that it's getting ready to offer credit (above). This week, Chesapeake & Ohio announced a similar plan, was one up on Katy by setting next Monday as the starting date. Under the new plans, there's no need to stand in line. A telephone call will secure tickets—and Pullman reservations too, provided the traveler is qualified for a credit card. On board, you can "sign" for all meals and services. And there's nothing to worry about until the end of the month when the bills come due.

barring too sharp a business bust. Business and consumer loans are expected to show additional rises. At last year's hardening of interest rates will be more fully felt. Still higher rates are also a definite possibility, especially if loan-loss rate should start up.

Fees and commissions from fiduciary and other activity should likewise hold up well. These might be raised to help offset rising costs. But there's a catch. The public already is unhappy about some rising bank costs.

• **Heavy Tax Burden**—The favorable factors, however, pertain only to the outlook for the gross income of the banking industry. The 1947 net earnings picture is not so bright.

No longer are bond prices rising steadily under the stimulation of federal deficit financing and artificial wartime factors. Profits from security sales will thus drop sharply from here on. At least income from "recoveries" appears a distinct possibility.

Few banks paid excess-profits tax

PRODUCTION A fast start

It's only in fable that the tortoise wins! And you, as an experienced businessman, know the advantage of a *fast start* in today's race for tomorrow's markets.

If you are thinking of *expanding* your production, *modernizing* your facilities, *adding* a new process, *relocating* your business or *starting* a *new* enterprise—look to the War Assets Administration *first* for help in getting that vital headstart.

The War Assets Administration has hundreds of ready-built plants for sale or lease . . . Plants that ran magnificently to win a war, and are in prime condition for peacetime running . . . Plants large and small . . . Plants you may take over fully equipped—or without machinery . . . Plants you may buy or rent as a whole, or occupy in part under a multiple tenancy arrangement.

Right now, when restrictions and material shortages make it so hard for you to build the business home you need, one of these immediately available surplus plants will help you solve that problem.

If you can qualify as a "small business", you will find that a *high priority* is available for your purchase of a plant through the Reconstruction Finance Corporation. Our regional offices will advise you how to obtain this priority certification. Get in touch with the nearest War Assets Administration office listed below.

Write, phone or call for the PLANT-FINDER, a fully indexed, descriptive catalog of Government-owned plants.



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NASHVILLE • NEW ORLEANS • NEW YORK • OMAHA • PHILADELPHIA • PORTLAND, ORE.
RICHMOND • ST. LOUIS • SAN ANTONIO • SAN FRANCISCO • SEATTLE • SPOKANE • TULSA



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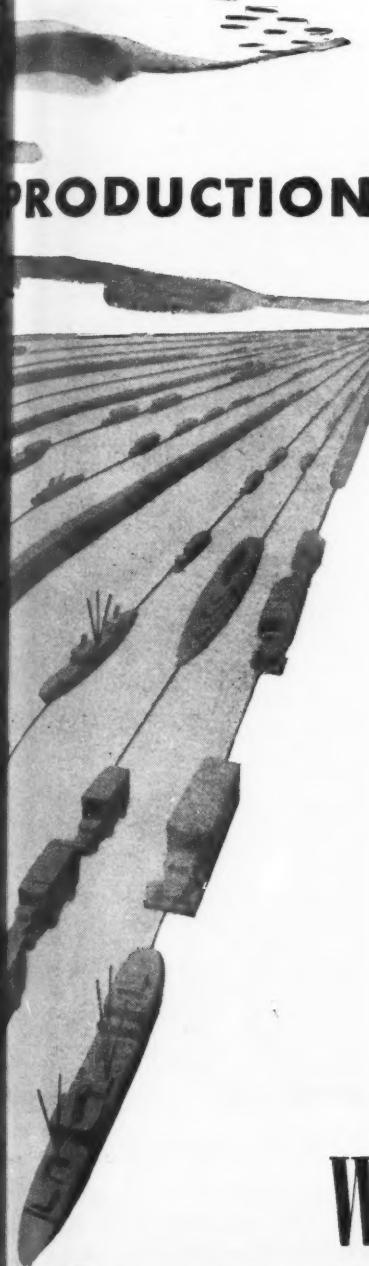
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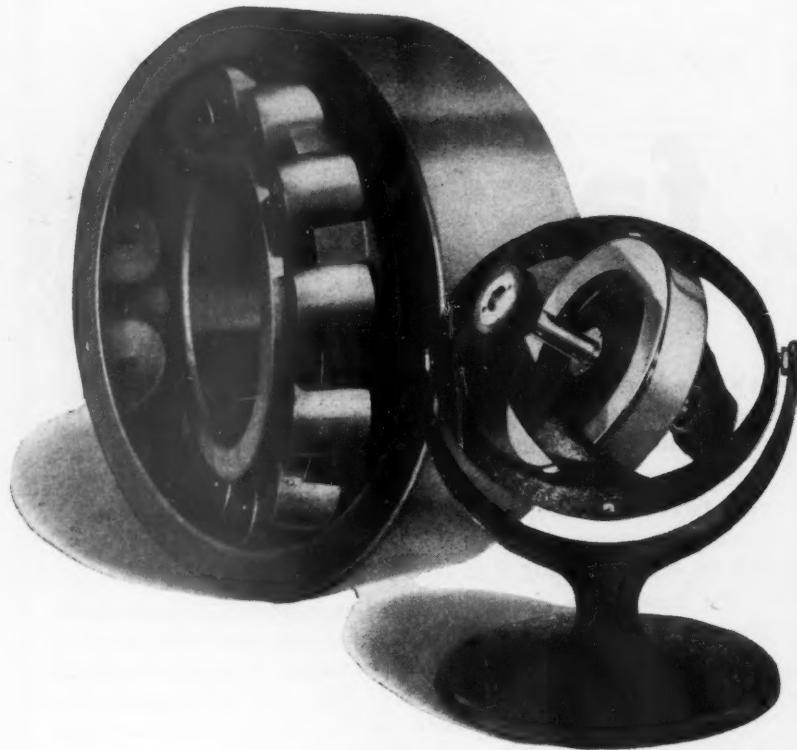
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during the war. Thus the industry's only tax relief to date has come from the drop in the combined normal and surtax rate from 40% to 38% last year. As a result taxes remain a big problem. Taxes and Federal Dep't Insurance Corp. assessment payments to the Chase, for example, came to \$1.50 a share in 1946 compared with its \$2.20 net earnings. National Bank of Detroit paid out \$1.95 a share, compared with a \$3.53 net.

If corporate taxes aren't greatly revised, the banks' tax burden will continue quite heavy.

• **Labor Costs Rise**—But an even more important earnings determinant will be the trend of operating costs. This started to zoom sharply last year. This was particularly true of wages and salaries. The trend was undoubtedly stimulated greatly by countrywide unionization drives aimed at bank clerks (BW Dec. 14'46, p83). And there is no sign that the campaign is letting up.

New York banks have been the chief



TO PUSH EXPANSION

As new president of Daggett & Ramsdell (and of Daggett & Ramsdell Ltd.) William Bonyun (above) will push his company's plans for new outlets for its cosmetic products. His predecessor, F. W. Moss, will continue to act in an advisory capacity. Bonyun first came to Daggett & Ramsdell in 1933. As sales manager and vice-president, he was active in transforming his company—a Standard Oil Co. (N. J.) subsidiary—from a house manufacturing cold cream only to one with a full line of cosmetics.



FOR INDUSTRY

This week Wilfred Sykes (above), president of Inland Steel Co., assumed the 1947 president's chair at the annual meeting of the Chicago Assn. of Commerce & Industry. Election of Sykes pointed up a trend which the membership further recognized when it voted to add " & Industry" to its former title. The directors said that 62% of its members—representing 66% of the association's revenue—are manufacturing companies or companies with a primary industrial interest. Sykes succeeds Thomas J. Freeman, president of Butler Bros.

target of union organizing drives. Payroll costs in Manhattan in some cases rose 20% to 28% last year, and accounted for 45% to 54% of all 1946 operating costs. Wage awards made late in 1946 will further swell 1947 bank expenses.

The American Bankers Assn. is concerned over the 1947 labor outlook. Recently it warned that no banker should be surprised to be "visited some day soon by a union representative who will announce, 'I represent a majority of our employees.'"

More Machines—Increased mechanization of departments to the greatest extent possible appears one way to fight rising costs, since this would permit a cut in manpower.

However, as many bankers point out, this would produce only a gradual drop in payrolls. Any large-scale expansion of business-machine methods would require several years at the very best to complete.

A SURE CURE
FOR TRAFFIC
CONGESTION...



MI-CO PARKING METERS

The installation of MI-CO Parking Meters is a big step in the right direction because they not only help control traffic, but they do it with maintenance expense so low it's almost unbelievable. This has been proved in scores of instances, and is the natural result of improved design and unusually sturdy construction. Take a look at the inside of a MI-CO Meter and you'll find mighty few working parts. By reducing the number of moving elements you lessen considerably the nonproductive time of a meter. Case histories and literature will be sent on request. Before you buy be sure to see what MI-CO has to offer.

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Division of The Michaels Art Bronze Co., Inc., Covington, Ky.

Clarge
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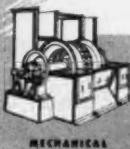


For nearly 40 years — through constant product improvement — Clarge has maintained leadership in this specialized field . . . Directing your air handling and conditioning requirements our way is to place them in capable hands . . .

CLARGE FAN COMPANY

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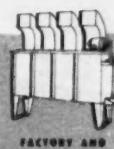
Application Engineering Offices in all Principal Cities



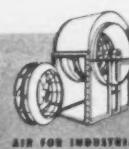
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**COST
REDUCTION
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This Mercury Sales Engineer, seasoned in all phases of materials handling, demonstrates the economy of efficient handling methods.

Faced with the rising costs of labor and materials, management must curtail production expense. As materials handling frequently accounts for 10 to 20% of manufacturing costs, the value of efficient handling is apparent.

For on the spot consultation, call a Mercury Sales Engineer. His recommendations will be made without cost or obligation. Or if you prefer, write for FREE copy of Bulletin 201-6; contains a wealth of information for the handling executive.



Mercury "Jeep" Fork Truck quickly stacks pallet load to ceiling height.



Vets Fill Job and Union Ranks

Some employers' predictions of antilabor sentiment are jolted as millions of G.I.'s are absorbed without incident. One out of four automotive workers now is an ex-serviceman.

This month the number of veterans discharged from the armed services reached a total of well over 14 million; this is roughly equivalent to union membership in the United States. The two groups overlap, have little homogeneity, and are comparable only statistically. But the fact that they have been able to reach numerical balance without major explosions is significant. It may put an end to the belief of some employers that demobilization might drastically temper unionism.

• **Gripes Forgotten**—That belief was held only by a small percentage of employers. These included ones who during the war had signed their first union contracts. There were others who simply chafed under the necessity of having to live with labor organizations. They took at face value G.I. gripes against labor. They interpreted the grumbling as an indication of antilabor sentiment. They were certain that this would make itself

felt when the war ended (BW-Dec. '44, p104).

If any plans were made on the basis of those beliefs, they have gone awry. Instead of returning with antilabor leanings, veterans generally have fitted easily into trade union membership and peacetime employment. For the most part, veterans have become indistinguishable from nonveterans in the labor force.

• **Small Percentage Jobless**—The Employment Statistics Division of the U.S. Dept. of Labor has rounded up some facts on veterans' re-employment. The show, first and foremost, the high demand for labor (BW-Jan. 11 '47, p75).

Latest government figures show that 12,910,000 veterans had been demobilized by last October. Of these, 10,520,000 were employed. Only 760,000 were jobless and seeking work. A large bloc, 1,630,000, had dropped from the labor force. This group included



A year ago C.I.O. announced an annual Philip Murray Award for the person contributing the most to veterans' welfare each year. It was one of a series of strategic moves to strengthen relations of the union and veterans, further confounding those employers who had predicted warfare instead. Last week the award for 1946 went to Lt. Gen. Omar Bradley, head of the Veterans Administration, for his "most outstanding contribution to the veteran." At the presentation were (left to right) James B. Carey, C.I.O. secretary-treasurer; Robert Smiljanic, disabled veteran from Aliquippa, Pa., who presented the award; Gen. Bradley; and Irving Abramson, C.I.O. community service committee chairman.

Our "village blacksmith" is the trained railroad shopman . . . and the old-timer standing under the spreading chestnut tree may well envy him.

Today's Iron Horse gets the meticulous care the village smithy used to give a champion pacer. A hundred hands keep constant vigil on every detail of this "workhorse" of the rails . . . right down to the regular replacement of brake shoes.

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While our "village blacksmith" keeps powerful locomotives in peak condition at the shops . . . other N. & W. experts are ready for your call, too. In principal cities throughout the nation, N. & W. traffic experts know rates, routes and fast schedules . . .

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1,100,000 veterans in schools. An estimated 300,000 were temporarily outside the labor force. Some 200,000 were listed as unemployables.

• **Trend to Durable Goods**—These latest figures showed continuation of a trend of month-by-month gains for veterans in manufacturing industries. In December, 1945, veterans made up only 9.3% of all factory employees. In July, 1946, the figure was 18.4%. The gain resulted in part from new jobs; in part it came from replacement of women and overaged workers who had been temporarily employed (BW-Jul. 6 '46, p90). Strikes, shortages of supplies, and seasonal factors had made general factory employment fluctuate sharply. But veteran employment had shown stability.

Employment of veterans was increasing faster in the durable-goods industries (increasing in the survey period from 10.4% of all workers to 21.8%) than in nondurables (8.2% to 14.6%). In part, this represented a faster hiring rate because of expansion in production of durable goods. Another factor was a moderate tendency for veterans to shift from employment in nondurable to durable-goods lines.

There were two apparent reasons: (1) a desire to get out of low-pay industries, and (2) a preference for reasonably stabilized employment rather than for such seasonal fields as food industries.

• **One Out of Five**—In July, 1946, about half of all employed veterans were in industries in which weekly earnings averaged \$45 or better. The largest group was in the iron and steel industry (14.3% of the employed veterans). The second largest was in plants turning out nonelectrical machinery (11.3%). In both, and in 33 other industries, at least one out of every five workers was a veteran.

The ratio was less than one out of six employees only in ten industries in which large numbers of women are employed, and in which there is a low-wage pattern.

• **Union Parallel**—Significantly, veteran gains in employment listed in the government report were in industries highly unionized. And such gains were being paralleled by union claims of increased memberships. In December, 1945, for instance, membership in C.I.O.'s United Auto Workers had slumped to less than 600,000. During 1946 it climbed to more than 830,000. During the same period the Labor Dept. report showed veteran employment in the automotive industry (more than 80% unionized) jumped from 12.5% to 27% of total employment.

The situation was typical of other unions and other industries.

• **Little Strikebreaking**—Far from showing antiunion sentiment, veterans frequently have added a militance to local union strikes and demonstrations. There

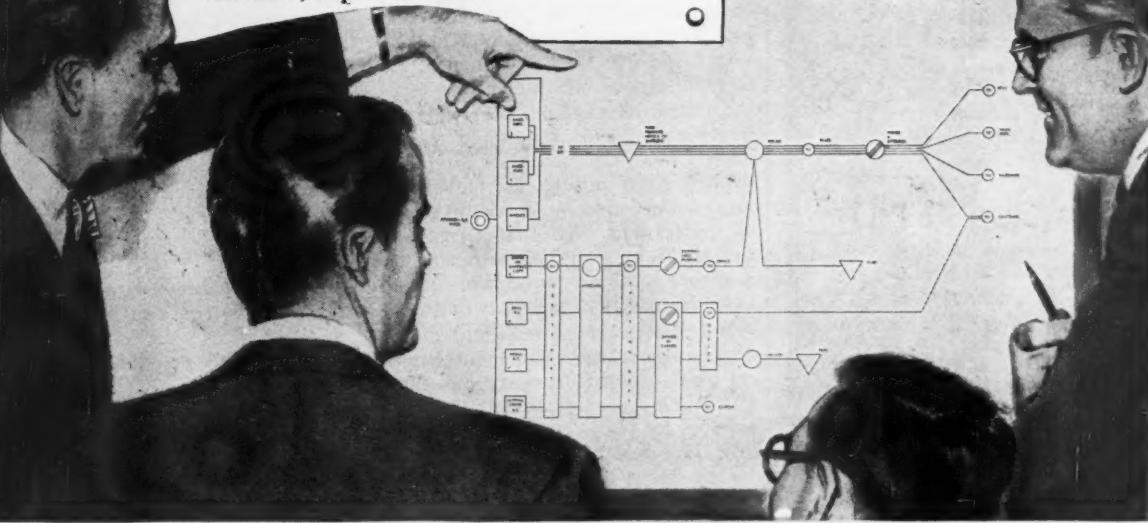
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WHY DO SAVINGS of a size important to top management escape the ordinary office or systems study—yet turn up when Standard Register applies its exclusive techniques? The answer is in the Standard Register method, itself. It's basic. It's different. It's an entirely new way to tap major savings potentials.

Step by step, Standard Register analyzes and flow charts existing routine. This scientifically exact method reveals form design that makes needless work, methods of writing and procedures in using forms that cause costly delays.

Recommendations that follow such a revealing study save you money in the cost of completed records ... save even more through better over-all control of your business operations.

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WHERE DO SAVINGS COUNT MOST?

Not in the price of printed forms.
A difference in the quality of paper, printing, carbons, etc., may mean a few hundred dollars at most.

Not even in the cost of completed records... although the cost of writing, handling and using forms is 10 to 50 times the forms' cost...savings here may run into 4 or more figures.

But in the cost of business operation, if waste, delay, inefficiency exist, SAVINGS here, through better management control, can reach almost incalculable figures!

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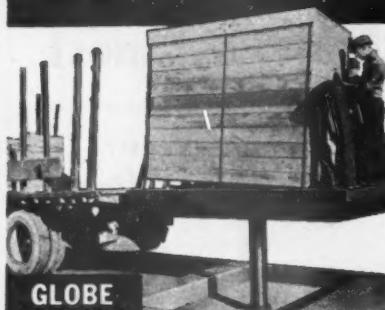
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trated Bulletin D-14 today.

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GLOBE
LIFTS and ELEVATORS

have been relatively few charges of strikebreaking by veterans.

However, in a number of recent labor disputes the claim has been made that strikers' jobs were being filled with veterans.

Nevertheless, predictions that veterans would reject unionization—heard after ex-servicemen votes defeated C.I.O. at Northrup Aircraft, Inc., in 1945 (BW—Apr. 28 '45, p26)—have been proved groundless in many subsequent collective bargaining elections.

• **More Veterans Quit**—The Employment Statistics Division reported that 29.1% of all hirings in manufacturing industries during July were veterans. This was a decline in percentage from early months of the December, 1945-July, 1946, period. The veteran quit rate—54 to 61 per 1,000—was higher than the nonveteran rate for July.

Division researchers explained that returning veterans found old jobs no longer were satisfactory. Others were shifting from stopgap jobs to employment making possible greater utilization of service skills. And a large group was shifting from job to job with a restlessness that had been foreseen in the transition from warfare to factory routine.

• **But Fewer Are Fired**—The division also found in a check of 6,500 employers that involuntary separations—layoffs and discharges—were much smaller in number for veterans than for nonveterans. This resulted primarily from protection given veterans under the Selective Training & Service Act.

The Labor Dept.'s Industrial Hazards Division, meanwhile, reported that as of Aug. 31, 1946, the U.S. Employment Service had a backlog of 215,331 job applications from disabled veterans. Placements in industrial employment were averaging about 11,000 a month for this group.

Rubber Industry Expects Peaceful Pay Settlement

Omens are generally favorable for the outcome of the rubber wage negotiations that open next week. Participants are the industry's "Big Four" and the C.I.O.'s United Rubber Workers. Several weeks of give-and-take bargaining are expected to bridge the present wide gap between the union's position and that of U.S. Rubber, Firestone, Goodrich, and Goodyear.

Basis of initial discussions is a flat union demand for 26¢ hourly increases. The companies describe this as "way out of bounds." They prepared to enter the talks with a "you will have to show us" attitude. But Akron is confident that they and the union are determined to maintain peaceful relations. This attitude could lead to a repetition of the

industry's strikeless contract settled last year (BW-Mar. 9 '46, p84).

• **An Interplant Contract**—Means U.R.W. reached one major objective. U.S. Rubber signed a uniform company-wide contract, instead of its separate contracts with each plant, deals with working conditions but with wage rates. "Big Four" contend that these must be worked in joint negotiations.

The U.S. Rubber agreement sets uniform standards at all plants in things as vacation policy, payment of overtime, holiday schedules and pay raises. It provides that any matters concerning individual plants only will be left to their bargaining at the plant level.

• **More to Come?**—Negotiations for a second company-wide contract were progressing at midweek between U.R.W. and the Goodyear Tire & Rubber Co. Final answer of Firestone and Goodrich to company-wide contract demands has not been indicated. But trade circles believe that with U.S. Rubber signing and Goodyear leaning, other employers will also write company-wide contracts.



NEW MINIMUMS

Relief from "bare existence wages" is sought in a San Francisco Model Assn. campaign for a higher scale for posing. New rates announced by Rosalie Drackert (left), association president, range from \$2 an hour for undraped art class posing to \$10 an hour for modeling fashions. Association demands that employers agree to use only "professional"—member-models attracted less national attention, no photographers.

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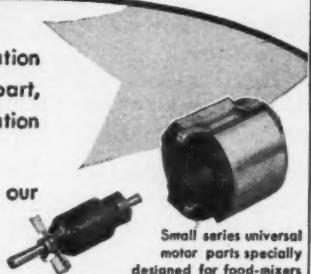
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Curtain Raiser

U.A.W. starts talks with Chrysler on new contract. Union asks company-financed insurance, union shop, dues checkoff

The 1947 collective bargaining year was rolled up last week in the automobile industry. Chrysler Corp. and the United Auto Workers (C.I.O.) were at stage, trading contract demands.

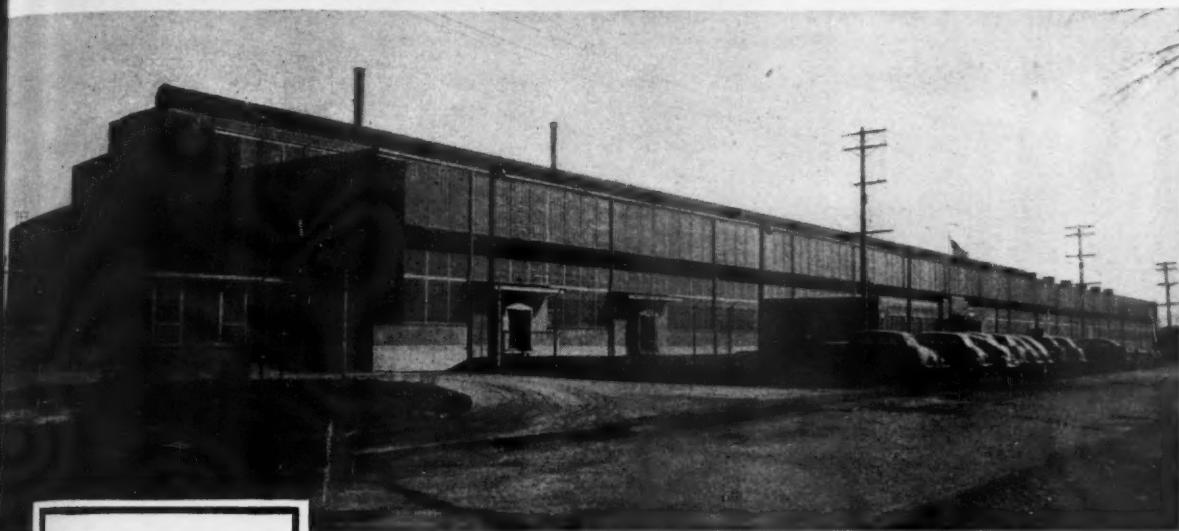
• **Security Demand**—The union's program was largely built around its recently developed plan of portal-to-gate social security (BW-Dec. 7 '46, p. 91). It asks life, health, and accident insurance for all workers, covering both hospitalization and surgical treatment. This would be financed by a company contribution amounting to 3% of gross



SEEDS FOR A NEW CROP

A.F.L. plans for unionization of farm workers are being spearheaded by Harry L. Mitchell (center), National Farm Labor Union president. Mitchell, Faris R. Benton (left), Arkansas vice-president, and Dorothy Dow, Tennessee secretary-treasurer, recently guided the N.F.L.U. through its first convention as an A.F.L. union. Until August, 1946, it was independent. Now, with federation backing, its 30,000 members are committed to a big organizing job. First objective: Florida's 75,000 citrus workers; second: a 75¢ minimum hourly wage.

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Administration and Laboratory Building, Service and Locker Building. Power and Substation. Total area, 16,900 sq. ft.

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BOSSES BRUSH OFF GROOMS—AND HORSES

An Exercise Riders & Grooms Assn. strike at Miami's Hialeah track marred but did not stop the season's opening meet last week. John Clark, Hialeah president (center foreground), and Dan Chappell, general counsel (back to camera), mapped strategy with other owners, trainers, and track officials. So when grooms and exercise boys walked out for restoration of handling fees and winners' bonuses, the boss horsemen took over. Track attendance and wagering were slimmer than normal, but the bangtails ran. This week, the association ended its strike as many new recruits appeared to fill the popular track jobs.

wages of all employees covered by the agreement.

The 3% contribution would be equivalent to about 4¢ an hour. The union also seeks a 23.5¢ wage-raise (standard for all 1947 U.A.W. negotiations). There are fringe issues, too, like pay equalization. Thus the total increase wanted is around 29¢ an hour. This is almost exactly equivalent in Chrysler's case to the 21% advance which the Robert Nathan report said manufacturing industry generally was in a position to grant.

The U.A.W. proposal for social security calls for a retirement age of 65 for men, 60 for women. The scale of retirement benefits suggested is 1.66% of the employee's average annual earnings multiplied by the number of years of service.

• **Union Security**—The company countered one union demand before it was made. The Chrysler position took specific note of company policy that "neither membership nor nonmembership in a union is a condition of employment with the company." U.A.W.'s platform contained the expected demand for a union shop and dues checkoff.

Chrysler's past contracts have been almost unique in the industry in that they made no provision for union shop, maintenance of membership, checkoffs, or similar devices. The company was the exception to the National War Labor Board's almost automatic rule of direct-

ing the auto companies to grant maintenance of membership during the war. It was excepted because it was able to charge U.A.W. with irresponsibility and make the charge stick by presenting persuasive evidence of a staggering record of wildcat strikes that occurred in Chrysler plants.

• **Seniority**—One union demand which may slow up agreement on a new contract calls for a clause making seniority the governing factor in promotions to higher-paid or better jobs.

The present contract states that promotions are to be "based primarily upon merit and ability"; it adds that when other things are equal, seniority will govern.

• **Chrysler's Demands**—The company demanded no major changes. It asked for clauses outlawing strikes over which the union-company joint appeal board has jurisdiction; it proposed reduction of seniority for employees who strike or hinder production or otherwise subject themselves to discipline.

The company also asked that the union henceforth pay the wages of stewards and committeemen while they are on union business. Previously the company has followed general practice in paying them for time spent on union work during working hours. Chrysler said that union officers have spent more than 2,540,000 company-paid hours on union business during the last 9½ years, costing the company \$3,113,000 in wages.

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Idle by Choice

Worker who refuses job because he fears union action isn't entitled to unemployment compensation, court rules.

An out-of-work union member who refuses a job in an open shop because he fears punitive action by his union is not entitled to state unemployment compensation. This ruling by the Pennsylvania Supreme Court last week reversed a lower court's award of jobless pay to an A.F.L. craft union workman.

A.F.L. immediately began plans for an appeal, first for a review of the decision; later, if necessary, for a U.S. Supreme Court test. At stake for A.F.L. are the unemployment compensation rights of a large bloc of its craft union membership.

• **Refused the Job**—John Seifing, for 31 years a member of the United Brotherhood of Carpenters & Joiners (A.F.L.), applied for jobless pay in Pennsylvania in February, 1944. He was referred to a job at the Sun Shipbuilding & Drydock Co., which had a pay scale of from \$1.01 $\frac{1}{4}$ to \$1.20 an hour. Seifing refused the job. He explained that (1) bylaws of his union bar working for less than \$1.58 an hour, and (2) the union would penalize him for working in an open shop.

His former employer, the Barclay White Co., took the case to court. This was after the Unemployment Compensation Board of Review accepted Seifing's explanation that the job was not "suitable" because of his union status. The employer was an interested party because of his tax liability. Under state law, his rate of unemployment compensation tax depends upon how many former employees draw benefits from the state jobless fund. When Seifing won in lower state court the company appealed.

• **Majority Ruling**—Justice James B. Drew of the state's Supreme Court wrote the majority (6-1) decision. He ruled that there was no evidence that the shipyard job was unsuitable employment for a union member. No strike or lockout was in progress. Seifing would not have been required either to join a company union or to forfeit A.F.L. membership.

Furthermore, the ruling said, Seifing was qualified by experience to do the shipyard job without risk to his health or safety.

Hence the court held that Seifing's rejection of the job offer was based entirely on certain arbitrary conditions of employment. These, said the court, are set by an agreement which Seifing had voluntarily entered into outside of his employment. The court ruled that such

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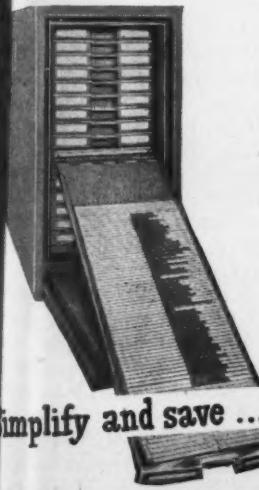
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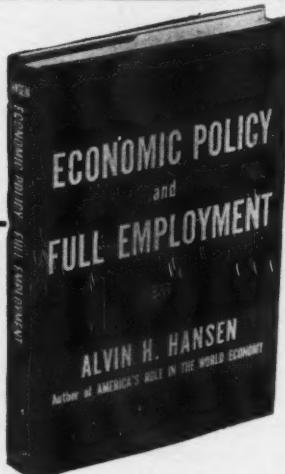
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an agreement could not be considered valid for controlling unemployment benefits by forbidding work at wages below a set minimum.

• **Voluntarily Idle**—The opinion ceded that Seifing might have been fined, suspended, or expelled for leaving the shipyard job. But, it held, Seifing was not compelled to retain his union card; hence he was out of work voluntarily and could not collect state benefits.

Unions Fight Portal Curve But Flood of Suits Recedes

Congressional efforts to bar or limit retroactive liability of employers under portal-pay gained momentum this week. Senate hearings drew to an end and unions expressed implacable opposition to any sweeping portal-pay bans. Government officials testified that federal liability under cost-plus war contracts might reach \$3,000,000,000. And Treasury announced that employers stuck with back-pay liability will be permitted to charge it off on income tax returns for the year involved.

Meanwhile, there were indications that the flood tide of new suits readied in early January was ebbing. There were fewer suits being filed. Some were being withdrawn as the zeal of union leaders and lawyers backed off.

Among the week's developments:

• Best estimates placed the total claims in portal-pay suits at just under \$5 billion. However, C.I.O. officials insisted in Washington that figures in the suits exaggerate the claims. Exact amounts due could not be determined so maximum estimates were used.

• A dozen court actions were withdrawn in Detroit (out of upwards of 120 filed) asking \$700 million. Attorneys who had started the suits for C.I.O. unions said that investigations showed no grounds for complaints. There were similar withdrawals in other cities.

• A.F.L. leaders took a strong stand against portal-pay suits. President William Green urged all federal locals to withdraw portal-pay suits. Instead, he said, they should negotiate settlements.

• John P. Frey, head of A.F.L.'s Metal Trades Dept., characterized portal-pay suits as an effort "to secure a form of wages which were not provided for when existing contracts were negotiated."

There were a few similar admonitions from C.I.O. unions.

• Despite A.F.L. opposition to portal-pay suits, federation leaders joined C.I.O. in resisting federal curbs. Congressional subcommittees studying legislation were told that A.F.L. objected to proposed bills because they could weaken the entire structure of the Fair Labor Standards (wage-hour) Act.

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(A REPORT TO THE PEOPLE FOR 1946)

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33¢ FOR MATERIALS



Much of this 33¢ spent for materials, fuel, and other supplies was, in turn, paid by the railroad suppliers to their employees. So, directly or indirectly, by far the largest part of the railroad dollar goes to pay wages.

FOR INSURANCE POLICY-HOLDERS, INVESTORS IN BONDS, AND FOR RENTS

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2.7¢ FOR IMPROVEMENTS AND OWNERS



And so after paying for wages, materials, taxes and necessary charges upon their obligations, railroads in 1946 had only 2.7¢ left out of each dollar they took in. Out of this they must pay for the improvements to keep railroad property abreast of public needs, before anything is available for dividends to their owners.

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THE LABOR ANGLE

Standing

For many years, economists have been confounded by the existence of noneconomic factors in the labor market. Simple, classical formulas which call for labor to move in response to wage differentials have failed to account for the shifts in job-interest. The economists, with some goading from their brethren in sociology and psychology, have had to conclude that nonmonetary incentives may exert as powerful an influence over the matter of where labor will gravitate as anything so precisely measurable as the pay envelope.

The academicians, and the practical theorists of business as well, have, therefore, made the concept of "social status" a familiar idea to the analyst of the labor market. It is acknowledged that the social standing which a given job carries may be of equal or superior importance to what that job provides in the way of income or security.

Development

Hard-boiled labor leaders, with their interests centered on the pay envelope, have found little time, in the past, for such fancy notions. Raising the social standing of the jobs over which their unions had jurisdiction has been something very much out of their line. It may, therefore, mark the beginning of a development of some significance to management when one of the most hard-boiled unions in the business begins to display an active concern with the social status of its members.

It started with a business agent of Local 100 of A.F.L.'s teamsters operating in Cincinnati. He saw a movie in which the piqued heroine scorned a proposal of marriage from a highly eligible suitor with the withering retort that she'd rather marry a truck driver than him. That made business agent Earl Quigley sore. He made a speech about it at a meeting of his local, was almost swept off his feet by the response he got from the truck drivers assembled in the hall. He was smart enough to realize that he had uncovered a deep-seated grievance of the membership that his union had never done anything about.

One thing led to another and, almost before Quigley realized it, he was at the head of a determined

drive to win for truck drivers a higher social standing in the community. There are indications that the union members are more concerned with its success than they are with efforts to raise wages. Quigley's movement has, in fact, gathered such steam that his international union, whose leaders are as hard-headed as any to be found, is almost certain to take it over shortly and make it a national campaign.

If the teamsters can lead the way to widespread union recognition of the value of the social status of jobs, employers who have been sensitive to this factor for a long time may find that a new field for cooperation with labor is developing. And certainly nothing would please the slide-rule boys more than to have worked out a scale of values, through collective bargaining or any other device, for measuring one of the most important noneconomic forces to which the labor market responds.

Identifications

A new reference volume has been published which may have some value for industrial relations executives. It is entitled, "Who's Who in Labor" and, though published by the Dryden Press of New York City, it follows the form made familiar by the editors of "Who's Who," and "Who's Who in Commerce and Industry" published by the A. N. Marquis Co.

Its biographies are divided into two sections: "Men and Women Who Lead Labor" and "Men and Women Who Deal with Labor," and, with a number of exceptions resulting from failures to answer questionnaires, it covers the field pretty thoroughly. Thus the employer who would like to know something about the background of the union man he is dealing with or is about to meet has, for the first time, a direct source of information.

Similarly, he can find out a few things from this volume about the men who make up the group from which arbitrators, mediators, fact-finders, and "public representatives" in labor disputes usually come. In using the data, however, he should remember that the information has been supplied by the individuals themselves and is, therefore, as adequate or inadequate as they have chosen to make it.

INTERNATIONAL OUTLOOK

BUSINESS WEEK
JANUARY 25, 1947



U. S. foreign policy has reached a turning point.

The new Congress is conservative. It wants to abandon many Roosevelt policies, modify others.

Gen. George C. Marshall, new Secretary of State, wants to develop his own plans. In general, his thinking follows Administration lines—is a carry-over of Roosevelt's international program.

A policy showdown is in the offing.

Congress' stand is unmistakable.

Senator Vandenberg outlined it officially at Cleveland two weeks ago.

John Foster Dulles unquestionably got the approval of his Washington colleagues for his New York speech last week.

Together they sketched a program calling for:

- (1) Cautious use of the Trade Agreement Act until it expires in 1948.
- (2) Vigorous rebuilding of Germany as a strong economic power.
- (3) Full moral support for Chiang Kai-shek and aid in developing a democratic and industrialized China.
- (4) Improved relations with Argentina and intensified development of the interamerican defense program.

On the reciprocal trade program, the Administration is still determined to go ahead and use all the bargaining power at its command.

This means that tariffs can be reduced as much as 50%.

However, you can anticipate a cautious choice of items for tariff bargaining. The mounting voice of the protectionists assures this.

And many reductions will fall short of the 50% limit.

Other nations may force the Administration to swing to the Dulles stand on international policy.

The deputies' meeting in London is not going according to schedule.

The Russians refuse to reveal in detail the reparations they have removed from Germany. And so far the conference is deadlocked on the question of Polish annexation of German territory.

If the London conference degenerates into a no-decision crisis, Marshall and the President would undoubtedly shift to the Republican program.

World trade is expanding through a mixture of two-country barter deals and normal cash purchases.

England's aggressive Metropolitan Vickers Co. and the English Electric Co. have just bagged an \$8 million contract for a power plant in Portugal.

And British banks have recently arranged a revolving credit of \$50-million to help French textile manufacturers buy Empire wool next year.

But French negotiations for deliveries of coke, either from Britain or from the British-controlled Ruhr, are based on barter. France would supply Britain with steel which London has failed to secure in the U. S.

From Germany you can expect a new drive for contracts to process goods for U. S. manufacturers.

An American leather firm has already agreed to provide raw materials for German tooling of light consumer goods.

And a California firm, after being turned down on an order for chamo-

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
JANUARY 25, 1947

page buckets because the Germans lacked the brass to bind them, has now agreed to supply the metal.

British and Belgian firms have a head start on this German business.

Arthur Henson Ltd., of Bradford, England, recently contracted to have 50,000 lb. of wool spun in German mills in the U. S. zone.

And a Belgian company has a contract to have 3,200 tons of Egyptian cotton spun in Bavarian mills.

Sears, Roebuck & Co. is developing a profitable business among U. S. military personnel in Germany.

After receiving a steadily mounting volume of orders for goods, the Chicago mail-order house has decided to make its mail-order service available through all Army post exchanges.

And American Overseas Airlines, watching the business expand, is tying in with a special air express service.

Air freight service may develop in the opposite direction if German firms actually land the big processing deals now planned.

U. S. military government officials recently announced that German exports should top \$100 million in 1947, \$275 million in 1949.

Since the bulk of this business will be in luxury items, the airlines hope to land the transport contracts.

British engineers will arrive in New York next week to market an automatic car-parking mechanism for which they already have a dozen prospective customers (BW—Feb. 23'46, p38).

Planned for installation either underground or in buildings, the equipment has passed a successful test in Britain and is ready for mass production.

General Electric Co. (England) Ltd. and Braithwaite & Co. Engineering Ltd. (builders of the Bailey bridge) will build the equipment for Building, Engineering & Mechanics Ltd.

First shipments of reparations equipment from Japan are expected in China during March.

Machine tools will top the list. A preliminary catalog of 25,000 tools shows 5,000 in excellent condition.

Chinese are holding out for power-generating equipment before they accept huge shipments of machines powered by electricity.

Until war-damaged electric stations are reconditioned and some new units added, most Chinese cities cannot support any large expansion of local manufacturing plants.

Don't miss the significance of the \$3 million development corporation recently set up by the Rockefeller brothers.

Planned initially to boost agricultural production in Brazil, International Basic Economy Corp. can be expected to extend later to other countries in Latin America.

As a profit enterprise, IBEC will utilize both American and foreign capital, will become a large employer of technical experts and a purchaser of modern U. S. equipment especially adapted to Brazilian conditions.

BUSINESS ABROAD

Italy Faces a New Crisis

American loan, despite its favorable long-term implications
Italian economy, fails to avert political upheaval. Cabinet resigns
peace treaty, with its heavy reparations, is made public.

The wind blew hot and cold in Italy this week.

Premier Alcide de Gasperi returned from the United States with a \$100-million conditional loan from the Ex-Import Bank.

The text of the Italian peace treaty, with its grim word on reparations, was disclosed.

The political scene was troubled. With the coalition government rocked by party schisms, De Gasperi resigned with all his cabinet.

Economic Background—Italian economic difficulties are elemental, but exceedingly difficult to solve. The people are hungry. Unemployment is estimated at nearly 2,000,000. The severe coal shortage has actually worsened.

Food and coal are Italy's chief needs. After obtaining the Exim Bank loan, De Gasperi pleaded for, and got, 55,000 tons of U.S. wheat. Ships en route to Germany were diverted to Italian ports. Their arrival may stem food riots and political discontent verging on civil war.

Assurance for the Future—The harassed premier also obtained a promise that Italy will be included in any post-NRRA relief program of the U.S. government.

Finally, Washington made available 20 transports and promised that Italy's quest for 50 surplus merchant ships will be favorably considered. Italy has 10% of its prewar tonnage in coastal vessels, but needs ocean shipping. Among other things, Italy will lose the Vulcana and the Saturnia by peace treaty reparations terms.)

Excess of Bad News—The good news of the U.S. loan and the bad news of the treaty terms hardly canceled out.

The U.S. loan, for one thing, was conditional. Previous "conditional" loans to China and Turkey have been held up for political reasons. Italy's political future is far from clear, and the chance of civil strife made Washington wary.

Besides, De Gasperi sought a considerably larger sum than was granted. A few months ago Italy's cash requirements were put at \$4 billion, to attain complete recovery over a four-year haul. The 1947 need was set at \$800 million or \$900 million. Thus the Exim Bank

\$100 million leaves a substantial gap. It is not expected to be filled by the International Bank for Reconstruction & Development, the next port of call for money-seeking nations.

• **Steep Reparations**—The treaty terms were harsh, but hardly more so than expected. The Soviet Union will get its \$100 million of reparations. Albania will get \$5 million. Ethiopia will get \$25 million. Greece and Yugoslavia get \$105 million and \$125 million respectively. Other allied and associated powers get privately owned Italian assets abroad, and Italy foots the compensation bill.

Some of Italy's reparation payments will be from current production. The treaty bars this for two years, except by bilateral agreement and tacit consent of the treaty signatories. These deliveries are not to interfere with normal reconstruction.

Finally, Italy waives all further claim to compensation for the costs and damages of occupation, production and provisions for allied forces, military cur-

renges issued, and costs of co-belligerency.

• **On the Bright Side**—For an ex-enemy state, Italy has recovered remarkably well. Toward the end of 1946, for instance, industry was reported to be operating at 75% of capacity.

Italian fiscal difficulties are about due for settlement. The American loan may be used as a backdrop for currency maneuvers. With this sign of stability at hand, the lira may be revalued to a rate of about 400 to the U.S. dollar. (It's now 119 to the dollar internally, 225 to the dollar for foreign trade.)

Coincidentally, Italy is expected to issue new currency, withdrawing the 90-billion lire of military money. This new issue would be backed with a reconstruction loan, and a capital levy on national wealth.

• **Future Not Too Black**—If Italy can solve its political problems and straighten out its internal finances the country stands an odds-on chance of balancing its international books.

It begins its free career without gold and without foreign assets. Its foreign economic relations must be built from scratch. It has reparations to pay and loans to repay. It will seek further loans.

On the other hand, the heavy financial burden of armaments and an uneconomic empire has been lifted. The working population is greater than before the war. The industrial plant and power plant have suffered little from war and territorial losses.

• **Foreign Trade Picture**—Italian trade is making a comeback. Exports have



MANHATTAN TRANSFER TO PERU

A New York trolley car, supplanted by buses in its home town, is hoisted aboard a freighter bound for Peru. It's one of 20 purchased by the Compania Nacional de Tranvias S. A., of Lima—additional evidence of the persistent effort of South America to modernize its transport system. Another 75 laid-off streetcars, some fresh from Broadway, are slated for Sao Paulo, Brazil.

PERON'S FIVE-YEAR PLAN—III

Power Plan Is Key to Industrial Expansion

In President Juan Peron's \$1,600,000,000 Five-Year Plan for Argentine industrial development, fully \$447 million will be spent on the expansion of energy resources. This will be split among petroleum, hydroelectric power, natural gas, solid fuels, and vegetable fuels.

Integrated irrigation and hydroelectric projects are slated to receive investments of \$225 million in the years 1947-51.

• **Over-All Agency**—The creation of new fuel and power sources is vital to planned industrial expansion in Argentina. For this reason, the Five-Year Plan law now before Congress calls for establishment of a powerful National Energy Administration. This agency will be directly responsible to the President. It is to have complete charge of all sources of energy at all stages of development—from exploitation to distribution and consumption.

Subdivisions will include the national petroleum monopoly and administrations of water and electric power, of natural gas, of solid mineral fuels, and of combustible vegetables and their derivatives.

• **New Power Stations**—In presenting the plan to Congress, President Peron outlined the scope of development works and submitted maps of proposed new power stations (right). He also indicated where irrigation dams, canals, and other public works will be undertaken. Because of Argentina's poverty of hard fuels, most of the new energy sources will be hydroelectric rather than thermal.

The national plan of electrification is to extend over a 15-yr. period. It outlines proposals to raise the energy capacity from hydraulic sources from 45,000 kw. to 1,400,000 kw. In addition, it proposes that a 2,800-mi. grid of transmission lines be erected.

• **Bid for Rural Support**—Peron is alert to the suspicion with which centralized authority is viewed in the countryside. So he has proposed that 80% of the profits from energy produced by the natural gas and electrification administrations will be retained in the province of origin.

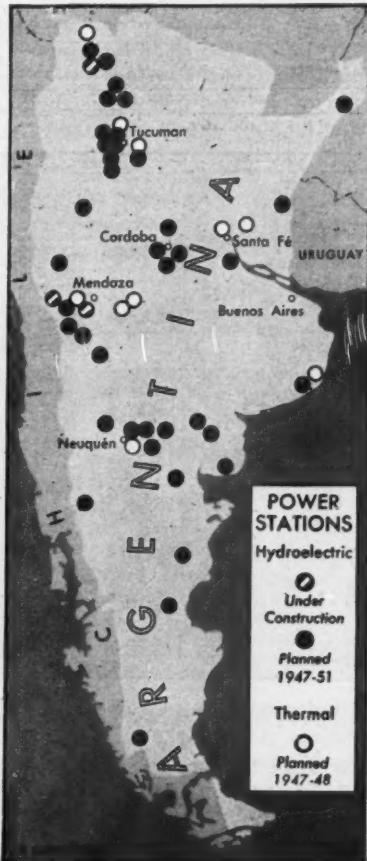
Furthermore, acknowledging the predominant role of agriculture in the national economy, the hydroelectric proposals are closely tied to irrigation schemes which will be developed simultaneously. Flood-control projects on the major rivers will go hand in hand with the other development schemes.

• **Fuel Tax**—At least one aspect of the energy program will have international repercussions: The law stipulates that a tax be levied on fuel either imported or produced in Argentina. Proceeds will go to the power administration.

Argentine imports of coal run to about four million tons—when it is available—and prewar imports of petroleum products amounted to more than ten million barrels annually. In recognition of the fact that fuel is an important cost-of-living item, the tax is to be limited to 20% of the cost.

• **Self-Sufficiency the Aim**—In the long run, Argentina is determined to emancipate its economy from dependence on foreign suppliers of critical materials. The industrial plan and the power development schemes are designed to implement this aim.

Opposition economists who foresee a bright industrial future for the Argentine do not believe that the Peron plan for power can be fulfilled on time. They expect industrial demand to increase much faster than new power developments.



risen from a few hundred million last January to eight billion in September. Imports are still under the strict control of the Interministerial Committee on Reconstruction, but an estimated 10% has been returned to private hands.

The U.S. is Italy's best customer and major supplier, followed by Switzerland, Great Britain, and Sweden. American imports from Italy in the first nine months of 1946 (\$45 million) topped the full-year total in 1938. American exports to Italy in the same period (excluding UNRRA and lend-lease) were 120% above the 1938 level.

• **Pacts Signed**—Italy has signed bilateral trade agreements with ten other countries providing for small balance of trade, roughly 15% of Italy's total trade.

Signing of the Balkan peace treaty and settlement of the reparations claim are expected to stimulate the important traditional Italian trade with that area.

Reconstruction of trade, and industrial and agricultural rehabilitation as outlined to justify the U.S. loan, will go hand in hand. Europe and the world need the exports which Italian industry may be able to provide.

PLANT OFFERINGS

MELBOURNE—The reinstated labor government of Australia is out to lure American and British capital with reasonably priced surplus war plants. These are offered for lease or purchase.

Australian and foreign investors have put up £21,800,000 (about \$70 million) to equip the pick of these plants and a group of prospects for new industrial enterprises has £5,800,000 (about \$19 million) to invest. Firestone Rubber and Kaiser-Frazer are included in the second group.

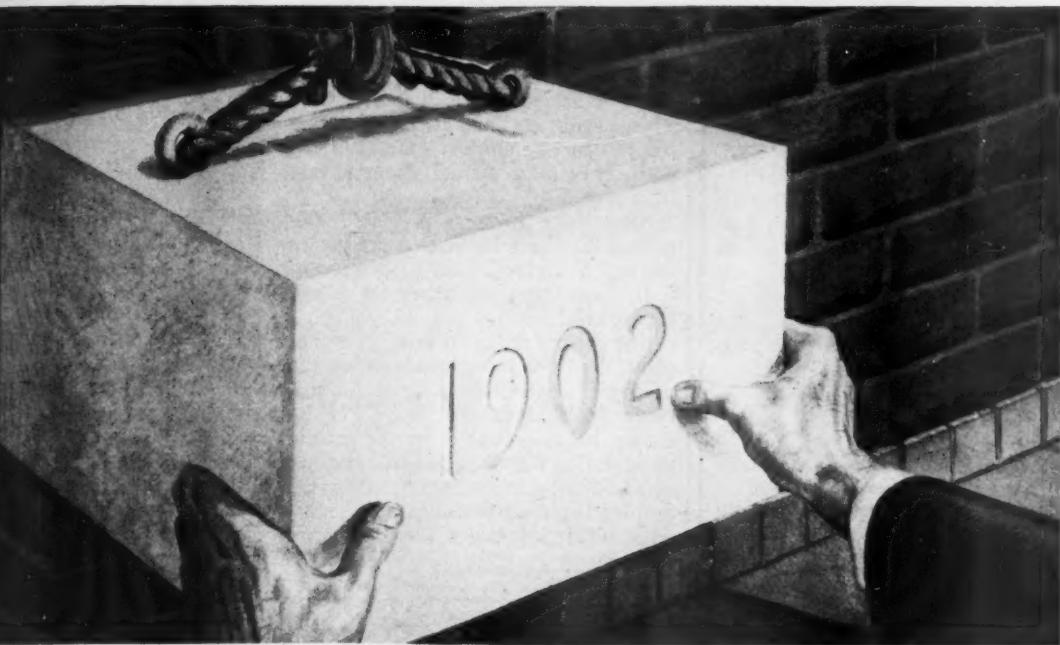
The Australian Information Dept. will circularize American and British prospects in an effort to find bidders for the remaining plants. Of 1,000 buildings available, 900 are the industrially unattractive decentralized units of the 3,500-acre St. Mary's Explosives Plant, 29 mi. from Sydney.

MACHINE TOOLS FOR INDIA

BOMBAY—Plans for a modern machine-tool factory are being drawn by Tata Industries, Ltd., Indian industrial colossus.

The new plant, expected to be the largest in the East, will be an expansion of Tata's Investa Machine Tools & Engineering Co. Ltd. This company, a war baby, is producing standard lathes and drill presses of Grade I (equal to foreign) accuracy at the rate of 25 a month with 550 workers.

Negotiations are under way with the



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central government for a 100,000-sq. yd. site in a Bombay industrial suburb. Building regulations allow only 30,000 sq. yd. for the shop. The rest of the site will be given over to rail sidings, storage yards, etc., and a special housing section for employees. Construction probably will be started about a year from now.

Meanwhile, Investa's present 7,000-sq. yd. shop is a beehive of activity as the end of a contract for production of 6 ft. 7 in. standard lathes for Alfred Herbert Ltd. nears.

The present factory is in effect a pilot plant, busily training workers for the proposed plant. The demand for machine tools continues high. For instance, lathes produced for the government during the war at a contract price of \$1,800 now are being offered by the Surplus Disposals Directorate at \$3,300 with plenty of takers ready to snap them up.

CANADA

Port Plan Opposed

Government committee says foreign trade conditions do not warrant establishment of free zones in the Dominion.

OTTAWA—A committee of departmental officials has turned thumbs down on the idea of establishing foreign trade zones at Canadian ports.

• **Weighty Argument**—Pressure for the idea came from Quebec City; it was backed by other ports which decided to get in on anything that was going. The government responded a year ago by setting up a committee to report on ad-

Selling the Soviet Market

American firms have a choice of advertising media for reaching Soviet industrialists.

With or without a U.S. loan, Moscow is going to be shopping our markets for industrial equipment needed for the current Five-Year Plan.

• **Industrial Journals**—Since 1924, Amtorg Trading Corp., 210 Madison Ave., New York City, has published the monthly "American Engineering & Industry." This slick, 120-page magazine goes to 5,000 destinations in the Soviet Union: purchasing organizations, the 20-odd industrial ministries, the major industrial plants, and to key engineers, technicians, and technical libraries.

In addition, American firms can now, after a wartime lapse, advertise in eighteen Soviet technical magazines (such as Steel, Coal, Construc-

tion Industry, Communications, Textile Industry, and Machine Tools & Small Tools). Most of these are published in editions of 3,000 copies for specialized distribution.

Finally, Amtorg is preparing the eighth edition of the heavy tome "American Engineering & Industry," a standard technical reference book for Soviet buying agencies. It will be published this year.

• **Many Firms Buy Space**—Advertising for these media is handled by a Soviet agency, Inreklama Service, 185 Madison Ave., New York. American ads mingle with those of other industrial suppliers—chiefly British—in the Soviet magazines. About 70 American firms are advertising in Soviet trade papers, and more than 100 advertise in the Amtorg magazine. Some 600 firms bought space in the last Amtorg catalogue.





HOME TALENT

wood furniture, including nesting tables, features a 200-item "Design in Industry" exhibit touring Canadian cities. The show is sponsored by the National Research Council, National Gallery, National Film Board, and Dept. of Reconstruction. The periodic exhibit aims at stimulating manufacture of products based on Canadian materials, skills, and designs.

ges and disadvantages of free ports. Its inclusion was made public last week by Transport Minister Lionel Chevrier: "It is presently inadvisable to pass enabling legislation for the creation of free foreign trade zones."

The recommendation was based on unsettled world conditions; possible tariff changes in the near future; the absence of convincing evidence that foreign trade zones would attract additional shipmen traffic; the difficulties which would be experienced in administration, due to our own tariff structure; and the ease with which shipments can now be handled because of the flexible nature of our bonding and manifesting regulations."

NEW TORONTO BUSINESS

TORONTO—Highlights of a list of new business developments in Toronto for January, announced by the city's Industrial Commission, are:

Lever Bros. Ltd. has acquired a 20-acre site adjoining its present plant. It will erect a \$7,000,000 modern annex to manufacture soap and glycerin.

John Inglis Co. Ltd., which operated wartime munitions factory, has made an agreement with Schulz Corp., Elkhart, Ind., to manufacture that firm's school coaches in Canada.

A new plant will be built at Toronto by Frederick H. Levey Co. (Canada) Ltd. It will manufacture printing inks, dyes, and allied products.

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THE MARKETS

(FINANCE SECTION—PAGE 6)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	143.8	143.0	147.6	170.6
Railroad	45.9	45.5	48.6	66.7
Utility	79.1	78.1	80.9	89.4
Bonds				
Industrial	123.6	123.6	123.1	124.2
Railroad	114.3	113.8	113.3	118.9
Utility	111.3	111.4	111.5	116.6

Data: Standard & Poor's Corp.

Margin-Trading Returns

After a year's absence, margin trading on the nation's stock exchanges becomes legal again starting Feb. 1. The Federal Reserve Board has decided that it's no longer necessary to restrict trading to a 100% cash basis. "Inflation has largely run its course," reports Chairman Marriner S. Eccles.

• Street Wanted 50%—Wall Street was pleased that the Federal Reserve had finally rescinded its ban on marginal trading (invoked early in 1946). But the Street was keenly disappointed over the extent of liberalization.

Under the new regulations, loans may not exceed 25% of market value of listed securities. Brokers say that isn't enough to insure much improvement in market fluidity. They insist 50% margins are needed to eliminate fully 1947's alarmingly thin markets and put trading once again on a "normal" basis.

• News Leak?—Stock market participants, however, were quick to register their initial approval. There were signs

that many may even have beaten the gun.

Formal announcement of the margin ruling was released several hours after trading closed on Friday of last week. In the last hour of that day's trading session, on the New York Stock Exchange, however, stocks suddenly started to rally sharply for no apparent reason. This strongly suggests a leak somewhere despite Wall Street protests to the contrary.

Saturday produced the most active two-hour trading session on the upside in months. Trading closed with all three averages above week-earlier levels despite previous sharp losses.

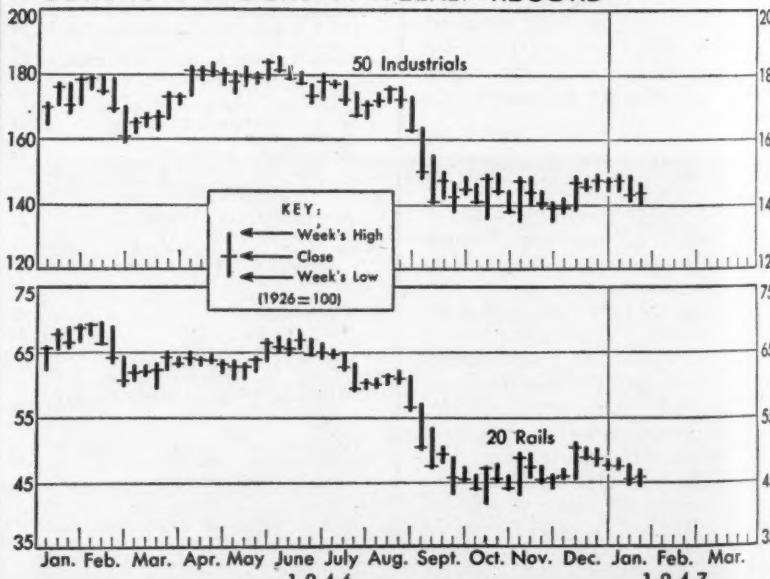
• An About-Face—The "margin rally" didn't last long. Up to the middle of this week little buying enthusiasm had been evidenced. Activity dropped sharply. Profit-taking erased most of last week's gains.

This rapid about-face isn't surprising. The main retarding factor has been the joint concern of investor and speculator over the business outlook.

• What They're Waiting For—Stock market participants will actively engage in margin-trading once they see a fair chance of making a few dollars. But they are content at the moment to remain on the sidelines.

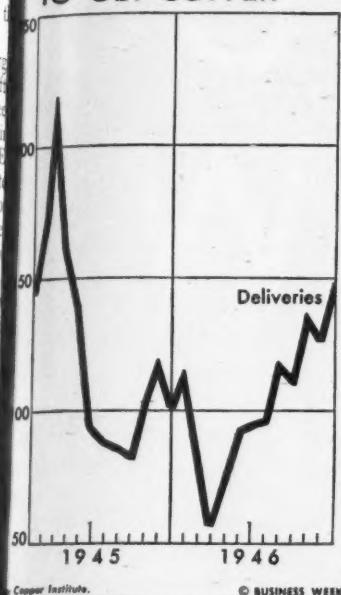
And they are not going to begin buying stocks in quantity again until they see: (1) the steps Congress takes to improve the management-labor situation; (2) what happens to the flood of port-to-portal suit cases; (3) the outcome

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

BUYERS SCRAMBLE TO GET COPPER



steel and auto wage negotiations; (4) future developments in the general price picture.

Whether the market will continue to move within a narrow range in the immediate future remains to be seen. Dull markets still prevail, but the signs are good.

Caution Remains—Wall Street appears pretty well divided in its market predictions. Most prominent statistical organizations remain quite cautious.

Nonferrous Prices Firm

Obscured to some extent by the headlines proclaiming declines in certain farm-and-food prices, the markets for most industrial raw materials are firm and very strong. Nowhere is this clearer than in major nonferrous metals. Producers of copper, in fact, are afraid that the market may run away from them. Fabricators show an inclination to buy any of the red metal that becomes available with price little object. They don't propose to risk stall- ing the production line for want of copper.

Allocation to End—Complicating this allocation situation. During and since the war, Uncle Sam bought abroad, paying world prices and allocated needed supplies at ceilings. But this ends in March or April.

After that, users of copper who can't fill their needs out of domestic mine production face the necessity of buying abroad. If they do, they must pay the import tax of 4¢ a lb. The foreign price now is 4¢ to 1¢ above the domestic notation of 19½¢ (page 13). Add 4¢ and

you come out with a delivered price close to 25¢ a lb.

Suppose it costs 25¢ a lb. to lay down foreign copper in this country. Then the logical assumption would be that the price of domestically mined metal would go up to about the same level. The big producers want to block that. They know from past experience that a lot of people would get hurt in the collapse that would follow.

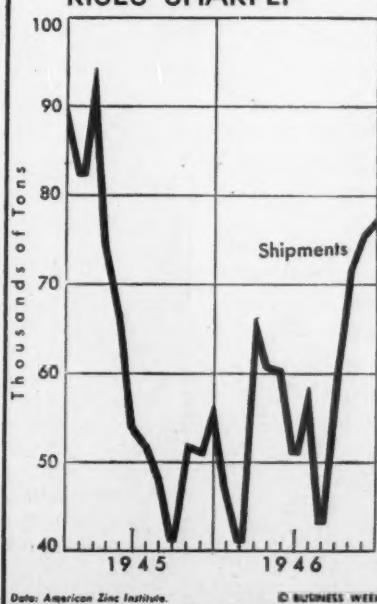
• **Drive to Reduce Tax**—Earlier efforts failed to get the import tax reduced or removed. However, trade interests last week started another drive to convince the government that action is desirable.

Imports are important because they are supplying a very large slice of total demand. Domestic output in December was about 77,600 tons. Total deliveries to consuming industries topped 148,000 tons. Approximately 10,000 tons were drawn from refiners' stocks and 60,576 tons from government holdings.

December copper deliveries, incidentally, were the largest for any month since the end of the war (chart). Yet demand appears insatiable. Expectations are that current prices will encourage domestic output of about 90,000 tons a month. But that is 30,000 to 50,000 tons short if the delivery rate of the last few months truly reflects demand.

• **Zinc Demand Huge**—Zinc is the most comfortable of the major industrial metals in point of supply. But even here shipments have forged to almost unbelievable levels for peacetime (chart below), topping output for four consecutive months. The result has been a drain of more than 50,000 tons on the industry's reserve supply.

DEMAND FOR ZINC RISES SHARPLY



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THE TREND

NEGLECT OF THE EXPORT MARKET

Anyone who is disposed to worry about the future of our foreign trade can get stimulation along that line in Washington these days.

While Under Secretary Will Clayton and his State Dept. staff are working overtime to carry out plans for reciprocal tariff reductions and extensive participation in international trade organization, some responsible leaders of the Republican masters of Capitol Hill are thinking right out loud about putting a crimp in the operations of that "free trader cotton broker" and his coworkers.

Quite apart from the validity of the basic economic positions and prejudices involved, the prospect of a partisan tug-of-war in Washington on trade policy is hardly conducive to optimism about the foreign trade outlook.

• In spite of the possibility of some stormy political weather ahead, however, we cannot escape the feeling that the export market offers a far brighter prospect than you would think from the neglect of it by many American firms, in favor of the presently lush domestic market. Some of this neglect seems to be due to a conviction that foreign demand depends largely on our foreign loans, and will fold up when the loans run out. More of the neglect seems to be due to a conviction of a good many manufacturers that they can regain foreign markets whenever they decide to go after them in earnest—perhaps in a year or two.

Within the limits of our observation, those who expect the foreign supply of dollars to dry up when our loans dry up are more than likely to be proved mistaken. Also, we suspect that those who count on picking off foreign markets when they get around to it are in for some rude shocks.

• First, on the question of foreign dollar resources. This year an export total of about \$11 billion is expected, as compared to \$10 billion in 1946. Of this total about \$4½ billion will be financed by our loans. The balance of about \$6½ billion will be obtained by our foreign customers through sale of their goods and gold.

However, there is no reason to believe that 6½ billion of foreign dollar holdings generated by foreign sales is a maximum figure for the years ahead. Assuming that our economy continues to move along in high gear, it is easy to see how our foreign customers can acquire upwards of \$8½ billion annually, through sales of goods and services.

If we took no more goods in the relation to our national income than we took during the late thirties, our imports of goods alone would run to \$6½ billion at current income levels. In addition, American tourists and other users of foreign services can be expected to leave a balance of perhaps as much as \$500 million abroad annually before long. While loans abroad will not continue in anything like the \$4½ billion volume expected this year, it is anticipated

that for some years we shall be lending out dollars at a net rate of at least \$750 million annual. And before long foreign gold production (exclusive of Russia) is expected to reach a volume of \$1 billion, share of which will be available to pay for our exports.

Combined, these potential foreign dollar assets bring clearly in sight for the time when our customers abroad get fully back on their feet a total of \$8½ billion, exclusive of dollars needed for foreign debt service. That prospect should put at rest the notion that dollars held abroad will run out as soon as we stop shipping them by the long route.

• The notion that American manufacturers can move into foreign markets when it suits their fancy would seem to have equally shallow foundations. For example, our correspondents tell us that the British can now lay down a number of standard machine tools in the foreign market at about two-thirds the price the American producer must get to pay out. In a good many lines we still have substantial advantages in cost, as well as in design, but they are not of the sort which keep indefinitely.

Also, price is only one of the elements in the contest for export markets. As every seasoned exporter can testify, all sorts of tricky problems of sales organization and credit accommodation are involved. They call for special knowledge and personnel.

• On these grounds there is reason to believe that a considerable part of the American business community is going to find itself at a great disadvantage when it gets around to going after exports. And this disadvantage may well coincide with the time when it becomes specially urgent all around to have a thriving foreign market for consumer durable goods and heavy equipment. Those firms which wait until there is such urgency to get going for export markets in earnest are likely to think often and ruefully of that depressing phrase, "too little and too late."

WHY EXPORT CONTROLS?

We have been trying to discover a justification for the continuation of export controls months after the President, the voters, and the triumphant Republican majority all agreed that speed should be the order of the day on decontrol.

We haven't succeeded. There may be a temporary but rapidly evaporating justification for some controls which assure priority to the relief shipments to which we are committed. But there seem to be a lot of other controls, designed to restrict exports of scarce commodities, which simply clutter up the export works, to no domestic gain.

Not even all of the government people who work with them agree that they are desirable. That ought to cinch the argument that their demise is long overdue.

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